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PROJECT NO. 54445

REVIEW OF PROTOCOLS ADOPTED	§	PUBLIC UTILITY COMMISSION
BY THE INDEPENDENT	§	
ORGANIZATION	§	OF TEXAS

**NOTICE OF RECOMMENDED APPROVAL OF REVISION REQUESTS
BY ERCOT BOARD OF DIRECTORS**

Effective June 8, 2021, rules adopted by Electric Reliability Council of Texas, Inc. (ERCOT) under delegated authority from the Public Utility Commission of Texas (Commission) are subject to Commission oversight and review and may not take effect before receiving Commission approval.

At its meeting on April 23, 2024, the ERCOT Board of Directors (Board) recommended Commission approval of the following proposed revisions to the ERCOT rules (Revision Requests) (Nodal Protocol Revision Requests (NPRRs) and Retail Market Guide Revision Request (RMGRR)):

- NPRR1197, Optional Exclusion of Load from Netting at ERCOT-Polled Settlement (EPS) Metering Facilities which Include Resources;
- NPRR1205, Revisions to Credit Qualification Requirements of Banks and Insurance Companies; and
- RMGRR177, Switch Hold Removal Clarification.

Included for Commission review are the Board Reports—each of which includes an ERCOT Market Impact Statement—and ERCOT Impact Analyses for these Revision Requests.

Dated: May 1, 2024

Respectfully submitted,

/s/ Jonathan Levine

Chad V. Seely
Senior Vice President and General Counsel
Texas Bar No. 24037466
(512) 225-7035 (Phone)
chad.seely@ercot.com

Jonathan Levine
Assistant General Counsel
Texas Bar No. 24067323
(512) 225-7017 (Phone)
jonathan.levine@ercot.com

ERCOT
8000 Metropolis Drive (Building E), Suite 100
Austin, Texas 78744
(512) 225-7079 (Fax)

ATTORNEYS FOR ELECTRIC RELIABILITY
COUNCIL OF TEXAS, INC.

Board Report

NPRR Number	<u>1197</u>	NPRR Title	Optional Exclusion of Load from Netting at ERCOT-Polled Settlement (EPS) Metering Facilities which Include Resources
Date of Decision	April 23, 2024		
Action	Recommended Approval		
Timeline	Normal		
Estimated Impacts	Cost/Budgetary: None Project Duration: No project required		
Proposed Effective Date	July 1, 2024		
Priority and Rank Assigned	Not applicable		
Nodal Protocol Sections Requiring Revision	10.3.2.3, Generation Netting for ERCOT-Polled Settlement Meters 11.1.6, ERCOT-Polled Settlement Meter Netting		
Related Documents Requiring Revision/Related Revision Requests	None		
Revision Description	This Nodal Protocol Revision Request (NPRR) adds the ability for Resources to separately meter and settle Load(s) located behind the ERCOT-Polled Settlement (EPS) metering point at the Resource's Point of Interconnection (POI).		
Reason for Revision	<input type="checkbox"/> <u>Strategic Plan</u> Objective 1 – Be an industry leader for grid reliability and resilience <input type="checkbox"/> <u>Strategic Plan</u> Objective 2 - Enhance the ERCOT region's economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers <input type="checkbox"/> <u>Strategic Plan</u> 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 <input checked="" type="checkbox"/> General system and/or process improvement(s) <input type="checkbox"/> Regulatory requirements		

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	<input type="checkbox"/> ERCOT Board/PUCT Directive <i>(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)</i>
Justification of Reason for Revision and Market Impacts	<p>These revisions to Section 10.3.2.3 create a process for Resources to net Loads and generation behind a single EPS Meter. For projects with auxiliary Loads, netting of these Loads can impact the expected performance of the project as measured at the POI. The proposed language allows for a Resource Entity to meter Loads and exclude it from a netting arrangement and settle this Load with a separate TDSP Electric Service Identifier (ESI ID) with a Load Serving Entity (LSE).</p>
PRS Decision	<p>On 10/12/23, PRS voted unanimously to table NPRR1197 and refer the issue to WMS. All Market Segments participated in the vote.</p> <p>On 2/8/24, PRS voted to recommend approval of NPRR1197 as amended by the 2/7/24 Oncor comments as revised by PRS. There was one opposing vote from the Cooperative (STEC) Market Segment and three abstentions from the Consumer (Residential Consumer), Cooperative (Brazos), and Independent Generator (Constellation) Market Segments. All Market Segments participated in the vote.</p> <p>On 3/20/24, PRS voted to endorse and forward to TAC the 2/8/24 PRS Report and 2/28/24 Impact Analysis for NPRR1197. There was one abstention from the Cooperative (STEC) Market Segment. All Market Segments participated in the vote.</p>
Summary of PRS Discussion	<p>On 10/12/23, participants noted the 10/11/23 WMS comments and the desire for continued discussion of NPRR1197 at the Metering Working Group (MWG).</p> <p>On 2/8/24, participants reviewed the 2/2/24 Engie comments and 2/7/24 Oncor comments to NPRR1197. Opponents restated their concern that NPRR1197 codifies into Protocols the metering situation they'd attempted to prohibit in the recently rejected NPRR1194, Wholesale Storage Load Auxiliary Netting.</p> <p>On 3/20/24, there was no discussion.</p>
TAC Decision	<p>On 3/27/24, TAC voted to recommend approval of NPRR1197 as recommended by PRS in the 3/20/24 PRS Report. There was one opposing vote from the Cooperative (STEC) Market Segment. All Market Segments participated in the vote.</p>
Summary of TAC Discussion	<p>On 3/27/24, TAC reviewed the items below. The opponent reiterated their concern that NPRR1197 codifies into Protocols the metering</p>

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	situation they'd attempted to prohibit in the recently rejected NPRR1194.
Explanation of Opposing TAC Votes	Cooperative/STEC – STEC opposes NPRR1197 as it codifies into Protocols the metering situation they'd attempted to prohibit in the recently rejected NPRR1194.
TAC Review/Justification of Recommendation	<input checked="" type="checkbox"/> Revision Request ties to Reason for Revision as explained in Justification <input checked="" type="checkbox"/> Impact Analysis reviewed and impacts are justified as explained in Justification <input checked="" type="checkbox"/> Opinions were reviewed and discussed <input checked="" type="checkbox"/> Comments were reviewed and discussed (if applicable) <input type="checkbox"/> Other: (explain)
ERCOT Board Decision	On 4/23/24, the ERCOT Board voted unanimously to recommend approval of NPRR1197 as recommended by TAC in the 3/27/24 TAC Report.

Opinions	
Credit Review	ERCOT Credit Staff and Credit Finance Sub Group (CFSG) have reviewed NPRR1197 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
Independent Market Monitor Opinion	IMM has no opinion on NPRR1197.
ERCOT Opinion	ERCOT supports approval of NPRR1197.
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1197 and believes the market impact for NPRR1197 provides an acceptable path for Resources to separately meter Loads otherwise subject to a netting arrangement behind the Resource's POI.

Sponsor	
Name	Shawn Grimsley / Bob Helton
E-mail Address	shawn.grimsley@engie.com / robert.helton@engie.com
Company	Engie
Phone Number	713-636-1805 / 832-435-7185

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Cell Number	
Market Segment	Independent Generator

Market Rules Staff Contact	
Name	Cory Phillips
E-Mail Address	cory.phillips@ercot.com
Phone Number	512-248-6464

Comments Received	
Comment Author	Comment Summary
ERCOT 101023	Updated title, clarified the process for requested that and EPS Meter be installed to meter other auxiliary Load at a Generation site, and allowed auxiliary Load to be excluded from the Generation site netting process
WMS 101123	Requested PRS table NPRR1197 for further review by MWG
Engie 101323	Removed requirement for mutual agreement between the connecting Transmission Service Provider (TSP), Distribution Service Provider (DSP), and Resource Entity
WMS 110123	Requested PRS continue to table NPRR1197 for further review by MWG
WMS 011024	Endorsed NPRR1197 as amended by the 10/10/23 ERCOT comments
Engie 020224	Proposed additional edits to the 10/10/23 ERCOT comments to clarify the mutual agreement between all impacted parties for the proposed metering arrangement
Oncor 020724	Proposed additional edits to the 10/10/23 ERCOT comments clarifying the list of potential impacted parties for the proposed metering arrangement

Market Rules Notes

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

- NPRR1188, Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources

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- o Section 10.3.2.3
- o Section 11.1.6

Proposed Protocol Language Revision

10.3.2.3 Generation Netting for ERCOT-Polled Settlement Meters

Commented [PC1]: Please note NPRR.1188 also proposes revisions to this section.

- (1) Each Generation Resource and Settlement Only Generator (SOG) and each Load that is designated to be netted with that Generation Resource or SOG, including construction and maintenance Load that is netted with existing generation auxiliaries, must be physically metered at its POI to the ERCOT Transmission Grid or Service Delivery Point, or, in accordance with Section 10.3.2.2, Loss Compensation of I&PS Meter Data, loss-compensated to its POI to the ERCOT Transmission Grid. Interval Data Recorders (IDRs) must be used to determine generator output or Load usage. In the intervals where the generation output exceeds the Load, the net must be settled as generation. In the intervals where the Load exceeds the generation output, the net must be settled as Load, and carry any applicable Load shared charges and credits.
- (2) For Settlement purposes, netting is not allowed except under the configurations described in paragraphs (2)(a) through (2)(c) below, and only if the service arrangement is otherwise lawful. ERCOT has no obligation to independently determine whether a site configuration that includes both Loads and Generation Resource(s) or SOGs complies with Public Utility Regulatory Act (PURA) or the Public Utility Commission of Texas (PUCT) Substantive Rules, and ERCOT's approval of a metering proposal for such a site is not a verification of the legality of that arrangement:
 - (a) Single POI or Service Delivery Point;
 - (b) Transmission-level interconnections where all POIs are located at the same substation, at the same voltage, and under normal operating conditions, are interconnected through common electrical equipment such as circuit breakers, connecting cables, bus bars, switches/isolators. Qualifying station arrangements include, but are not limited to, Generation and Load connected in a line bus, ring bus, double-breaker, or breaker-and-a-half configuration;
 - (c) Multiple POIs where the Loads and generator output are electrically connected to a common switchyard, as defined in paragraph (7) below. In addition, there must be sufficient generator capacity to serve all plant Loads for netting to occur;
 - (d) A Qualifying Facility (QF) with POIs, where the QF is selling energy to a thermal host, may net the Load meters of the thermal host with the QF's generation meters when the Load and generation are electrically connected to a common switchyard. In instances in which Load is served by new on-site generation through a common switchyard, the TSP or DSP may install monitoring equipment necessary for measuring Load to determine stranded cost charges, if any are applicable, as determined under the PURA and applicable PUCT rules. For purposes of this Section, new on-site generation has the meaning as contained in Public Utility

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Regulatory Act, TEX. UTIL. CODE ANN. §§ 39.252 and 39.262(k) (Vernon 1998 & Supp. 2007) (PURA); or

- (e) For Generation Resources and/or Load with flow-through on a private, contiguous transmission system (not included in a TSP or DSP rate base) and in a configuration existing as of October 1, 2000, the meters at the interconnections with the ERCOT Transmission Grid may be netted for the purpose of determining Generation Resources or Load. For Settlement purposes, when the net is a Load, the metered interconnection points must be assigned to the same Load Zone and Unaccounted for Energy (UFE) zone.
- (3) For Energy Storage Resource (ESR) sites, Wholesale Storage Load (WSL) must be separately metered from all other Loads and generation, and must be metered using EPS Metering Facilities.
 - (a) For configurations where the Resource Entity telemeters an auxiliary Load value to the EPS Meter:
 - (i) The total energy into the ESR must be separately metered from all other Loads and generation, and must be metered using EPS Metering Facilities; and
 - (ii) The auxiliary Load energy shall be stored in the EPS Meter's IDR, per channel assignments defined in the SMOG.
 - (b) For configurations where the WSL is not at a POI, it must be metered behind a single POI metering point, per the requirements in paragraph (3) or (3)(a) above; and
 - (c) WSL for a compressed air energy storage Load Resource is exempt from the requirement to be electrically connected to a common switchyard, as defined in paragraph (7) below.

[NPRR995: Replace paragraph (3) above with the following upon system implementation:]

- (3) For Energy Storage Resource (ESR), Settlement Only Distribution Energy Storage System (SODESS), or Settlement Only Transmission Energy Storage System (SOTEES) sites, Wholesale Storage Load (WSL) must be separately metered from all other Loads and generation, and must be metered using EPS Metering Facilities.
 - (a) For configurations where the Resource Entity telemeters an auxiliary Load value to the EPS Meter:
 - (i) The total energy into the ESR, SODESS, or SOTEES must be separately metered from all other Loads and generation, and must be metered using EPS Metering Facilities; and

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(ii) The auxiliary Load energy shall be stored in the EPS Meter's IDR, per channel assignments defined in the SMOG.

(b) For configurations where the WSL is not at a POI, it must be metered behind a single POI metering point, per the requirements in paragraph (3) or (3)(a) above; and

(c) WSL for a compressed air energy storage Load Resource is exempt from the requirement to be electrically connected to a common switchyard, as defined in paragraph (7) below.

- (4) ERCOT shall maintain descriptions of the Metering Facilities of all common switchyards that contain multiple POIs of Loads (ESIDs) and generation meters (EPS). The description is limited to identifying the Entities within a common switchyard and a simplified diagram showing the metering configuration of all Supervisory Control and Data Acquisition (SCADA) and Settlement Metering points.
- (5) All Load(s) included in the netting arrangement for an EPS Metering Facility shall only be electrically connected to the ERCOT Transmission Grid through the EPS metering point(s) for such Facility. Such Loads shall not be electrically connected to the ERCOT Transmission Grid through electrical connections that are not metered by the EPS metering point(s) for the Facility.
- (6) Notwithstanding the requirements of paragraph (5) above, auxiliary Load(s) connected to the station service transformer not to exceed 500 kW in aggregate shall be permitted an additional electrical connection to a TSP's or DSP's Facilities through a separately metered Transmission and/or Distribution Service Provider (TDSP) read metering point. In locations subject to multiple certificated service areas, the Resource Entity shall notify each DSP that has the right to serve in the service area of the proposed connection. This configuration requires mutual agreement between the connecting TSP, DSP, and Resource Entity, and the connection shall be achieved through an open transition load transfer switch listed for emergency service and shall only be used in emergency and maintenance situations.
- (7) For purposes of this Section, a common switchyard is defined as an electric substation Facility where the POI for Load and Generation Resources are located at the same Facility but where the interconnection points are physically not greater than 400 yards apart. The physical connections of the Load to its POI and the Generation Resource to its POI cannot be Facilities that have been placed in a TSP's or DSP's rate base.
- (8) Notwithstanding any other provision in this Section, for any Generation Resource or ESR that is configured to serve a Customer Load as part of a Private Microgrid Island (PMI), the connection to the Customer Load in the PMI configuration shall be located behind the EPS metering point at the Resource's POI. For a PMI configuration that includes an ESR that is receiving WSL treatment for charging Load, an EPS Meter shall be located to measure the ESR's gross output net of any internal telemetered auxiliary Load, and a

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separate TDSP ESI ID (for nodal Settlement) with a Load Serving Entity (LSE) association must be established for the site prior to service of any Load.

[NPRR945: Insert paragraph (9) below upon system implementation:]

- (9) ERCOT shall post on the ERCOT website a report listing all Generation Resources or Settlement Only Generators (SOGs) that have achieved commercial operations, excluding Decommissioned Generation Resources, Mothballed Generation Resources, and decommissioned SOGs, whose Resource Registration data indicates that the Generation Resource or SOG is part of a Private Use Network. The report must identify the name of the Generation Resource or SOG site, its nameplate capacity, and the date the Generation Resource or SOG was added to the report. The report shall not identify any confidential, customer-specific information regarding netted loads. ERCOT shall update the list at least monthly.

- (10) Notwithstanding any other provision in this Section, for any Generation Resource or ESR that elects for ~~non-charging~~ Load(s) located behind the EPS metering point at the Resource's POI to be excluded from the netting arrangement for an EPS Metering Facility, a ~~Load~~ EPS meter shall be located behind the EPS metering point at the Resource's POI and a separate TDSP ESI ID ~~(for nodal Settlement)~~ with an LSE association must be established for the site prior to ~~non-charging~~ Load(s) being removed from the netting arrangement. This configuration requires mutual agreement between the connecting TSP, DSP, ~~and Resource Entities~~, and any other Load(s) behind the EPS metering point. The above requirement to have a separate TDSP ESI ID with an LSE association does not apply to EPS Metering Facilities that are located behind a NOIE meter point.

11.1.6 ERCOT-Polled Settlement Meter Netting

- (1) As allowed by Section 10, Metering, of these Protocols, ERCOT will perform the approved netting schemes, which sum the meters at a given Generation Resource site.

[NPRR1002: Replace paragraph (1) above with the following upon system implementation:]

- (1) As allowed by Section 10, Metering, of these Protocols, ERCOT will perform the approved netting schemes, which sum the meters at a given Generation Resource, or Energy Storage Resource (ESR) site.
- (2) Both Load consumption and Generation Resource production meters will be combined together to obtain a total amount of Load or Resource.

[NPRR1002: Replace paragraph (2) above with the following upon system implementation:]

Commented [PC2]: Please note NPRR1188 also proposes revisions to this section.

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- (2) Both Load consumption and generation production meters will be combined together to obtain a total amount of Load or generation.

- (3) For a Generation Resource site with Wholesale Storage Load (WSL):

[NPRR995 and NPRR1002: Replace applicable portions of paragraph (3) above with the following upon system implementation:]

- (3) For an ESR site:

- (a) WSL is measured by the corresponding EPS Meter, except that when a Resource Entity for an Energy Storage Resource (ESR) communicates its auxiliary Load value to the EPS Meter, WSL is calculated by subtracting the auxiliary Load from the total Load measured by the corresponding EPS meter. If the calculated auxiliary Load is greater than the total Load, WSL shall be zero.
 - (b) For WSL that is metered behind the POI metering point, the WSL will be added back into the POI metering point to determine the net flows for the POI metering point.
 - (c) For WSL that is separately metered at the POI, the WSL will not be included in the determination of whether the generation site is net generation or net Load for the purpose of Settlement.
- (4) For an ESR that has separately metered its charging Load, but elects not to receive WSL treatment, the Non-WSL ESR Charging Load for the 15-minute interval shall be determined using the metered ESR charging Load.
- (5) For an ESR that has not separately metered its charging Load, or has forfeited WSL treatment pursuant to paragraph (3) of Section 10.2.4, Resource Entity Calculation and Telemetry of ESR Auxiliary Load Values, the Non-WSL ESR Charging Load for the 15-minute interval shall be equal to the total metered ESR Load minus auxiliary Load, where auxiliary Load is calculated as the greater of the following:
- (a) The lesser of the total metered ESR Load or X MWh, where X is calculated as 15% of the ESR's nameplate capacity multiplied by 0.25; or
 - (b) 15% of the total metered ESR Load for the 15-minute interval.

[NPRR995: Insert paragraphs (6) and (7) below upon system implementation:]

- (6) For a Settlement Only Distribution Energy Storage System (SODESS) or Settlement Only Transmission Energy Storage System (SOTESS) that has been approved for WSL treatment and has a single POI or Service Delivery Point:

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- (a) For withdrawals from the ERCOT System consisting of only WSL or WSL in combination with auxiliary Load:
- (i) WSL is measured by the corresponding EPS Meter, except when a Resource Entity communicates its auxiliary Load value to the EPS Meter, WSL is calculated by subtracting the auxiliary Load from the total Load measured by the corresponding EPS meter. If the calculated auxiliary Load is greater than the total Load, WSL shall be set to zero.
 - (ii) For measured or calculated WSL that is behind the POI or Service Delivery Point, the WSL will be added back into the POI or Service Delivery Point metering point to determine the net flows for the POI or Service Delivery Point metering point.
- (b) For withdrawals from the ERCOT System that include Load other than WSL Load or auxiliary Load:
- (i) The charging Load is measured by the corresponding EPS Meter, except that when the Resource Entity communicates its auxiliary Load value to the EPS Meter, the charging Load is calculated by subtracting the auxiliary Load from the total SODESS or SOTESS Load measured by the corresponding EPS meter. If the calculated auxiliary Load is greater than the total SODESS or SOTESS Load, the charging Load shall be set to zero.
 - (ii) Where injections are exclusively the result of generation from an SODESS or SOTESS, the WSL quantity shall be determined through the use of a generation accumulator, which is calculated as the accumulated output measured at the POI or Service Delivery Point minus the accumulated charging Load receiving WSL treatment. The charging Load that is less than or equal to the generation accumulator will be settled as WSL for each 15-minute interval.
 - (iii) Where injections are the result of a combination of SODESS or SOTESS and non-SODESS or non-SOTESS generation, the output channel of the EPS meter that measures charging Load is required to be used for Settlement. For these sites, the WSL quantity shall be determined through the use of a generation accumulator, which is calculated as the lesser of (i) the accumulated SODESS or SOTESS output or (ii) the accumulated output measured at the POI or Service Delivery Point minus the accumulated charging Load receiving WSL treatment. The charging Load that is less than or equal to the generation accumulator will be settled as WSL for each 15-minute interval.
 - (iv) For measured or calculated charging Load that is behind the POI or Service Delivery Point, the charging Load will be added back into the POI or

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Service Delivery Point metering point to determine the net flows for the POI or Service Delivery Point metering point.

- (7) For an SODESS or SOTESS that either has not elected or has not been approved for WSL treatment and has a single POI or Service Delivery Point:
- (a) For withdrawals from the ERCOT System consisting of only charging Load or charging Load in combination with auxiliary Load, the Non-WSL Settlement Only Charging Load for the 15-minute Settlement Interval shall be determined as follows:
 - (i) The metered charging Load that would otherwise be eligible for WSL; or
 - (ii) The total metered SODESS or SOTESS Load minus auxiliary Load, where auxiliary Load is calculated as the greater of the following:
 - (A) The lesser of the total metered Load or X MWh, where X is calculated as 15% of the nameplate capacity of the ESS multiplied by 0.25; or
 - (B) 15% of the total SODESS or SOTESS metered Load.
 - (b) For withdrawals from the ERCOT System that include Load other than Non-WSL Settlement Only Charging Load or auxiliary Load, the Non-WSL Settlement Only Charging Load for the 15-minute settlement interval shall be determined as follows:
 - (i) Where injections are exclusively the result of generation from an SODESS or SOTESS, the Non-WSL Settlement Only Charging Load quantity shall be determined through the use of a generation accumulator, which is calculated as the accumulated output measured at the POI or Service Delivery Point minus the metered or calculated charging Load determined in option (A) or (B) below:
 - (A) Where the charging Load is separately metered, the accumulated metered charging Load that would otherwise be eligible for WSL; or
 - (B) Where the charging Load is not separately metered, the accumulated total metered SODESS or SOTESS Load minus auxiliary Load, where auxiliary Load is calculated as the greater of the following:
 - (1) The lesser of the total SODESS or SOTESS metered Load or X MWh, where X is calculated as 15% of the nameplate capacity of the SODESS or SOTESS multiplied by 0.25; or
 - (2) 15% of the total SODESS or SOTESS metered Load.
 - (ii) Where injections are the result of a combination of generation from SODESS or SOTESS and other generating facilities, the output channel of

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the EPS meter that measures charging Load is required to be used for Settlement. For these sites, the Non-WSL Settlement Only Charging Load quantity shall be determined through the use of a generation accumulator, which is calculated as the lesser of (a) the accumulated SODESS or SOTESS output or (b) the accumulated output measured at the POI or Service Delivery Point minus:

- (A) Where the charging Load is separately metered, the accumulated metered charging Load that would otherwise be eligible for WSL; or
- (B) Where the charging Load is not separately metered, the accumulated total metered SODESS or SOTESS Load minus auxiliary Load, where auxiliary Load is calculated as the greater of the following:
 - (1) The lesser of the total metered Load or X MWh, where X is calculated as 15% of the nameplate capacity of the SODESS or SOTESS multiplied by 0.25; or
 - (2) 15% of the total SODESS or SOTESS metered Load.
- (iii) For each 15-minute interval, the metered or calculated charging Load that is less than or equal to the generation accumulator will be settled as Non-WSL Settlement Only Charging Load.

(68) For a Generation Resource or ESR that excludes its ~~non-charging~~ Load(s) from the netting arrangement pursuant to paragraph (10) of Section 10.3.2.3, Generation Netting for ERCOT-Polled Settlement Meters:

- (a) Non-charging Load(s) are measured by the corresponding EPS Meter, except that when a Resource Entity for an ESR communicates its non-charging Load(s) value(s) to the EPS Meter using approved calculation methods.
- (b) For non-charging Load(s) that are metered behind the POI metering point, the Load will be added back into the POI metering point to determine the net flows for the POI metering point.
- (c) For non-charging Load(s) that are separately metered at the POI, the non-charging Load will not be included in the determination of whether the generation site is net generation or net Load for the purpose of Settlement.

ERCOT Impact Analysis Report

NPRR Number	<u>1197</u>	NPRR Title	Optional Exclusion of Load from Netting at ERCOT-Polled Settlement (EPS) Metering Facilities which Include Resources
Impact Analysis Date	February 28, 2024		
Estimated Cost/Budgetary Impact	None.		
Estimated Time Requirements	No project required. This Nodal Protocol Revision Request (NPRR) can take effect following Public Utility Commission of Texas (PUCT) approval.		
ERCOT Staffing Impacts (across all areas)	Ongoing Requirements: No impacts to ERCOT staffing.		
ERCOT Computer System Impacts	No impacts to ERCOT computer systems.		
ERCOT Business Function Impacts	No impacts to ERCOT business functions.		
Grid Operations & Practices Impacts	No impacts to ERCOT grid operations and practices.		

Evaluation of Interim Solutions or Alternatives for a More Efficient Implementation

None offered.

Comments

None.

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NPRR Number	<u>1205</u>	NPRR Title	Revisions to Credit Qualification Requirements of Banks and Insurance Companies
Date of Decision	April 23, 2024		
Action	Recommended Approval		
Timeline	Normal		
Estimated Impacts	Cost/Budgetary: Between \$80K and \$120K Project Duration: 5 to 8 months		
Proposed Effective Date	Upon system implementation		
Priority and Rank Assigned	Priority – 2025; Rank – 4520		
Nodal Protocol Sections Requiring Revision	16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirements		
Related Documents Requiring Revision/Related Revision Requests	Surety Bond Form		
Revision Description	<p>This Nodal Protocol Revision Request (NPRR) strengthens ERCOT's market entry eligibility and continued participation requirements for ERCOT Counter-Parties (i.e., Qualified Scheduling Entities (QSEs) and Congestion Revenue Right (CRR) Account Holders). Specific changes include strengthening and clarifying minimum credit quality qualifications for:</p> <ul style="list-style-type: none"> • Banks, which issue letters of credit on behalf of Market Participants to ERCOT; and • Insurance companies, which issue surety bonds on behalf of Market Participants to ERCOT. 		
Reason for Revision	<div> <input type="checkbox"/> <u>Strategic Plan</u> Objective 1 – Be an industry leader for grid reliability and resilience </div> <div> <input type="checkbox"/> <u>Strategic Plan</u> Objective 2 - Enhance the ERCOT region's economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers </div> <div> <input type="checkbox"/> <u>Strategic Plan</u> 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 </div>		

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	<p><input checked="" type="checkbox"/> General system and/or process improvement(s)</p> <p><input type="checkbox"/> Regulatory requirements</p> <p><input type="checkbox"/> ERCOT Board/PUCT Directive</p> <p><i>(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)</i></p>
<p>Justification of Reason for Revision and Market Impacts</p>	<p>In light of the recent takeover of Credit Suisse by UBS with the involvement of the Swiss government and Swiss central bank, potential regional banking crisis in the U.S., and overall concerns about credit tightening, ERCOT credit staff reviewed ERCOT's current practices as it relates to qualifications for banks and insurance companies, which issue collateral instruments to ERCOT such as letters of credit and surety bonds on behalf of Market Participants. ERCOT staff also compared ERCOT's current practices against the same at other Regional Transmission Operators / Independent System Operators.</p> <p>This review identified several areas, which need to be corrected and/or clarified, including the following:</p> <ol style="list-style-type: none"> (1) Current Protocols allow ERCOT to accept a letter of credit issuing bank as long as it is rated "A-" (S&P equivalent) or above by at least one of the rating agencies, even if the issuing bank is rated in BBB range by one or two other rating agencies. This NPPR will require an issuing bank to have A- or above ratings across all rating agencies, if available. This change is balanced by doubling the percentage of Tangible Net Worth limits for letters of credit from a single issuer; (2) If there is a split rating amongst the agencies, ERCOT takes the average for capacity purposes. The subject NPPR will codify using the lowest of the ratings within the same rating agency and amongst rating agencies; (3) Rating is internally interpreted as "Long term rating, issuer rating, or long term bank deposit rating (domestic)." The proposal will define ratings as Long term issuer rating, Long term Senior Unsecured rating and Long Term Counterparty Risk Assessment (for Moody's); (4) ERCOT does not require a U.S. branch of a foreign bank to be rated on its own. The proposal will require US branches of foreign banks to have their own standalone rating; (5) There are no minimum size qualifications for the surety bond/insurance companies in the Protocols. The proposal will

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	<p>require insurance companies to have a minimum Financial Size Category by AM Best of XII; and</p> <p>(6) Protocol language requires clarification to overall limit of \$100 million per surety bond insurer for all ERCOT Counter-Parties to make clear that this cap applies to aggregate amounts of bonds issued by the companies belonging to the same corporate family.</p> <p>This NPRR will strengthen credit qualification requirements of banks and insurance companies, whose collateral instruments ERCOT relies on to protect from credit risk posed by the Market Participants.</p>
PRS Decision	<p>On 11/9/23, PRS voted unanimously to table NPRR1205 and refer the issue to the Credit Finance Sub Group (CFSG). All Market Segments participated in the vote.</p> <p>On 2/8/24, PRS voted unanimously to recommend approval of NPRR1205 as amended by the 1/16/24 Luminant comments. All Market Segments participated in the vote.</p> <p>On 3/20/24, PRS voted unanimously to endorse and forward to TAC the 2/8/24 PRS Report and 10/24/23 Impact Analysis for NPRR1205 with a recommended priority of 2025 and rank of 4520. All Market Segments participated in the vote.</p>
Summary of PRS Discussion	<p>On 11/9/23, participants requested tabling for additional review at CFSG.</p> <p>On 2/8/24, participants noted the CFSG endorsement of the 1/16/24 Luminant comments.</p> <p>On 3/20/24, participants reviewed the 10/24/23 Impact Analysis for NPRR1205 and discussed the appropriate priority and rank.</p>
TAC Decision	<p>On 3/27/24, TAC voted unanimously to recommend approval of NPRR1205 as recommended by PRS in the 3/20/24 PRS Report and the 3/26/24 Revised Impact Analysis. All Market Segments participated in the vote.</p>
Summary of TAC Discussion	<p>On 3/27/24, participants reviewed the items below and noted the 3/26/24 Revised Impact Analysis.</p>
TAC Review/Justification of Recommendation	<p><input checked="" type="checkbox"/> Revision Request ties to Reason for Revision as explained in Justification</p> <p><input checked="" type="checkbox"/> Impact Analysis reviewed and impacts are justified as explained in Justification</p> <p><input checked="" type="checkbox"/> Opinions were reviewed and discussed</p>

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	<input checked="" type="checkbox"/> Comments were reviewed and discussed (if applicable) <input type="checkbox"/> Other: (explain)
ERCOT Board Decision	On 4/23/24, the ERCOT Board voted unanimously to recommend approval of NPRR1205 as recommended by TAC in the 3/27/24 TAC Report.

Opinions	
Credit Review	See 2/23/24 CFSG comments
Independent Market Monitor Opinion	IMM has no opinion on NPRR1205.
ERCOT Opinion	ERCOT supports approval of NPRR1205.
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1205 and believes the market impact for NPRR1205 strengthens ERCOT's market entry eligibility and continued participation requirements.

Sponsor	
Name	Sanchir Dashnyam
E-mail Address	Sanchir.Dashnyam@ercot.com
Company	ERCOT
Phone Number	512-248-6537
Cell Number	832-212-1800
Market Segment	Not applicable

Market Rules Staff Contact	
Name	Cory Phillips
E-Mail Address	cory.phillips@ercot.com
Phone Number	512-248-6464

Comments Received	
Comment Author	Comment Summary

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Luminant 011624	Proposed edits doubling the percentage of Tangible Net Worth limits for letters of credit from a single issuer
CFSG 011924	Endorsed NPRR1205 as amended by the 1/16/24 Luminant comments
CFSG 022324	Noted NPRR1205 provides positive credit impacts by strengthening credit qualification requirements of banks and insurance companies

Market Rules Notes

Please note the baseline Protocol language in Section 16.11.3 has been updated to reflect the incorporation of the following NPRR(s):

- NPRR1184, Update to Procedures for Managing Interest on Cash Collateral (partially unboxed 2/26/24)

Proposed Protocol Language Revision

16.11.3 Alternative Means of Satisfying ERCOT Creditworthiness Requirements

- (1) A Counter-Party required to provide Financial Security under these Protocols may do so through one or more of the following means:
- (a) The Counter-Party may give an unconditional, irrevocable letter of credit naming ERCOT as the beneficiary. ERCOT may, in its sole discretion, reject the letter of credit if the issuer is unacceptable to ERCOT or if the conditions under which ERCOT may draw against the letter of credit are unacceptable to ERCOT.
- (i) The letter of credit must be given using the ERCOT Board-approved standard letter of credit form.
- (ii) All letters of credit must be drawn on a U.S. domestic bank or a U.S. domestic office of a foreign bank.
- (iii) Letters of credit must be issued by a bank or other financial institution that is acceptable to ERCOT, with a minimum rating of A- with S&P ~~and~~ Fitch ~~and~~ A3 with Moody's. No letters of credit will be accepted from banks which are rated below A-/A3 by one or more rating agencies. If there are split ratings amongst rating agencies, ERCOT will use the lowest of different ratings within the same rating agency and amongst different rating agencies. The ratings are defined as follows (if available): Long term issuer rating, Long term Senior Unsecured rating or Long Term Counterparty Risk Assessment (for Moody's). For U.S. offices of foreign banks, U.S. branch/office must have an acceptable rating on its own by at least one of the rating agencies.

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- (iv) Letters of credit are subject to an overall limit per letter of credit issuer for all ERCOT Counter-Parties as determined below:

If the issuing entity has		Then
Long-Term or Issuer Rating		Maximum letter of credit issuer limit as a percentage of Tangible Net Worth of issuer
S&P or Fitch	Moody's	
AAA	Aaa	1.00 <u>2.00</u> %
AA+	Aa1	0.95 <u>1.90</u> %
AA	Aa2	0.90 <u>1.80</u> %
AA-	Aa3	0.85 <u>1.70</u> %
A+	A1	0.80 <u>1.60</u> %
A	A2	0.75 <u>1.50</u> %
A-	A3	0.70 <u>1.40</u> %
Below A-	Below A3	Not accepted

- (A) Each letter of credit issuer limit is also subject to an overall limit of \$750 million per issuer.
- (B) Each Bank Business Day, ERCOT will issue a report of each letter of credit issuer detailing the issuer's dollar amount of the letters of credit currently issued to ERCOT, the issuer's computed aggregate concentration limit, and the unused capacity under that limit. Market Participants may inquire of ERCOT about intra-day changes to the amount of posted letters of credit.
- (C) If a letter of credit issuer limit is breached, Counter-Parties utilizing that issuer will be notified and no new letters of credit from the issuer will be accepted while the limit remains breached.
- (D) After four months of the limit in breach, ERCOT will no longer accept new letters of credit or amendments to existing letters of credit from that issuer.
- (E) Letters of credit held as collateral at the time of an issuer limit breach will not be rejected.
- (F) ERCOT in its sole discretion may authorize exceptions to these limits.

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- (G) Revisions to the issuer limit calculation in this Section will be recommended by the Technical Advisory Committee (TAC) and approved by the ERCOT Board. ERCOT shall update parameter values on the first day of the month following ERCOT Board approval unless otherwise directed by the ERCOT Board. ERCOT shall provide a Market Notice prior to implementation of a revised parameter value.
- (b) The Counter-Party may give a surety bond naming ERCOT as the beneficiary.
 - (i) The surety bond must be signed by a surety acceptable to ERCOT, in its sole discretion and must be in the form of ERCOT's standard surety bond form approved by the ERCOT Board. No modifications to the form are permitted.
 - (ii) The surety bond must be issued by an insurance company with a minimum rating of A- with S&P ~~and~~ Fitch ~~and~~ A3 with Moody's, if available. No surety bonds will be accepted from insurance companies, which are rated below A-/A3 by one or more rating agencies. If there are split ratings amongst rating agencies, ERCOT will use the lowest of different ratings within the same rating agency and amongst different rating agencies.
 - (iii) Surety bonds are subject to a limit of \$10 million per Counter-Party per insurer and an overall limit of \$100 million per insurer for all ERCOT Counter-Parties. This overall limit is aggregated for the entire corporate family in case of multiple insurance companies belonging to the same corporate family.
 - (iv) The surety bond must be issued by an insurance company with a minimum financial size category of XII as determined by AM Best.
- (c) The Counter-Party may deposit Cash Collateral with ERCOT with the understanding that ERCOT may draw part or all of the deposited cash to satisfy any overdue payments owed by the Counter-Party to ERCOT. The Cash Collateral shall be invested pursuant to the ERCOT Investment Corporate Standard and all interest received on Cash Collateral will be payable directly to the Counter-Party; provided, however, that any such arrangements may not restrict ERCOT's immediate access to the cash.
 - (i) Interest on Cash Collateral will be calculated on a monthly basis, based on average daily balances of the Counter-Party Cash Collateral. Interest is not paid on Cash Collateral balances held by ERCOT where, in accordance with paragraph (4) of Section 16.11.7, Release of Market Participant's Financial Security Requirement, the Counter-Party's Standard Form Market Participant Agreement has been terminated and

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ERCOT has determined that no obligations remain owing or will become due and payable.

- (ii) On or before the 15th Bank Business Day of each month, ERCOT will credit each Counter-Party's Cash Collateral account for the amount of interest calculated for Cash Collateral held by ERCOT for the prior month.

[NPRR1184: Insert paragraph (iii) below upon system implementation and renumber accordingly:]

- (iii) In addition, ERCOT will provide a report containing details on how the interest amount was calculated for that month, which shall include, at a minimum, the daily principal amount of the Cash Collateral held from the Counter-Party and the imputed yield.
-
- (iii) ERCOT has a first priority security interest in all property delivered by the Counter-Party to ERCOT from time to time to meet the creditworthiness requirements, and that property secures all amounts owed by the Counter-Party to ERCOT.

Revised ERCOT Impact Analysis Report

NPRR Number	<u>1205</u>	NPRR Title	Revisions to Credit Qualification Requirements of Banks and Insurance Companies
Impact Analysis Date	March 26, 2024		
Estimated Cost/Budgetary Impact	Between \$80K and \$120K See Comments.		
Estimated Time Requirements	The timeline for implementing this Nodal Protocol Revision Request (NPRR) is dependent upon Public Utility Commission of Texas (PUCT) prioritization and approval. Estimated project duration: 5 to 8 months		
ERCOT Staffing Impacts (across all areas)	Implementation Labor: 100% ERCOT; 0% Vendor Ongoing Requirements: No impacts to ERCOT staffing.		
ERCOT Computer System Impacts	The following ERCOT systems would be impacted: <ul style="list-style-type: none">• Credit Management Systems (CMM) 85%• Data Management & Analytic Systems 15%		
ERCOT Business Function Impacts	ERCOT will update its business processes to implement this NPRR.		
Grid Operations & Practices Impacts	No impacts to ERCOT grid operations and practices.		

Evaluation of Interim Solutions or Alternatives for a More Efficient Implementation

None offered.

Comments

Pending PUCT approval this summer, ERCOT plans to manually implement NPRR1205 in late 2024 ahead of the longer-term systematic solution covered by this Impact Analysis.

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RMGRR Number	<u>177</u>	RMGRR Title	Switch Hold Removal Clarification
Date of Decision	April 23, 2024		
Action	Recommended Approval		
Timeline	Normal		
Estimated Impacts	Cost/Budgetary: None Project Duration: No project required		
Proposed Effective Date	The first of the month following Public Utility Commission of Texas (PUCT) approval		
Priority and Rank Assigned	Not applicable		
Retail Market Guide Sections Requiring Revision	7.16.4.3.2, Steps for Removal of a Switch Hold for Meter Tampering for Purposes of a Move in 7.17.3.3.2, Steps for Removal of a Switch Hold for Deferred Payment Plans for Purposes of a Move in		
Related Documents Requiring Revision/Related Revision Requests	None		
Revision Description	This Retail Market Guide Revision Request (RMGRR) provides clarity on the lease agreement option of the documentation required from the Customer by the Competitive Retailer (CR) seeking to remove a switch hold that has been applied to a Premise for which the Customer is seeking to enroll.		
Reason for Revision	<input type="checkbox"/> <u>Strategic Plan</u> Objective 1 – Be an industry leader for grid reliability and resilience <input type="checkbox"/> <u>Strategic Plan</u> Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers <input type="checkbox"/> <u>Strategic Plan</u> 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		

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	<input checked="" type="checkbox"/> General system and/or process improvements <input type="checkbox"/> Regulatory requirements <input type="checkbox"/> ERCOT Board and/or PUCT Directive <i>(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)</i>
Justification of Reason for Revision and Market Impacts	Clarity on the required documents will provide consistency and efficiency amongst both Retail Electric Providers (REPs) and Transmission and/or Distribution Service Providers (TDSPs) on the acceptable documentation required to remove a switch hold from a Premise, thus enabling REPs to set expectations for Customers seeking a timely move in into a Premise with a switch hold.
RMS Decision	<p>On 12/5/23, RMS voted unanimously to table RMGRR177 and refer the issue to Texas Data Transport and MarkeTrak Systems (TDTMS) Working Group. All Market Segments participated in the vote.</p> <p>On 2/6/24, RMS voted to recommend approval of RMGRR177 as amended by the 2/5/24 TDTMS comments. There was one abstention from the Consumer (OPUC) Market Segment. All Market Segments participated in the vote.</p> <p>On 3/5/24, RMS voted unanimously to endorse and forward to TAC the 2/6/24 RMS Report and the 2/13/24 Impact Analysis for RMGRR177. All Market Segments participated in the vote.</p>
Summary of RMS Discussion	<p>On 12/5/23, participants reviewed the 12/4/23 CenterPoint Energy comments and requested further review for comparison with current PUCT rule language.</p> <p>On 2/6/24, RMS reviewed the 2/5/24 TDTMS comments. General concerns were raised regarding changes to the switch move process.</p> <p>On 3/5/24, RMS reviewed the 2/13/24 Impact Analysis.</p>
TAC Decision	On 3/27/24, TAC voted to recommend approval of RMGRR177 as recommended by RMS in the 3/5/24 RMS Report. There were two abstentions from the Consumer (OPUC, Residential Consumer) Market Segment. All Market Segments participated in the vote.
Summary of TAC Discussion	On 3/27/24, there was no additional discussion beyond TAC review of the items below.

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TAC Review/Justification of Recommendation	<input checked="" type="checkbox"/> Revision Request ties to Reason for Revision as explained in Justification <input checked="" type="checkbox"/> Impact Analysis reviewed and impacts are justified as explained in Justification <input checked="" type="checkbox"/> Opinions were reviewed and discussed <input checked="" type="checkbox"/> Comments were reviewed and discussed (if applicable) <input type="checkbox"/> Other: (explain)
ERCOT Board Decision	On 4/23/24, the ERCOT Board voted unanimously to recommend approval of RMGRR177 as recommended by TAC in the 3/27/24 TAC Report.

Opinions	
Credit Review	Not Applicable
Independent Market Monitor Opinion	IMM has no opinion on RMGRR177.
ERCOT Opinion	ERCOT supports approval of RMGRR177.
ERCOT Market Impact Statement	ERCOT Staff has reviewed RMGRR177 and believes that it provides a positive market impact by offering process improvements that provide clarity to the lease agreement option of the documentation required from the Customer by the CR seeking to remove a switch hold that has been applied to a Premise for which the Customer is seeking to enroll.

Sponsor	
Name	Sheri Wiegand on behalf of TDTMS
E-mail Address	Sheri.wiegand@vistracorp.com
Company	TXU Energy
Phone Number	972-979-5225
Cell Number	972-979-5225
Market Segment	Independent Retail Electric Provider (IREP)

Market Rules Staff Contact

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Name	Jordan Troublefield
E-Mail Address	jordan.troublefield@ercot.com
Phone Number	512-248-6521

Comments Received	
Comment Author	Comment Summary
CenterPoint Energy 120423	Proposed clarifications stating that CRs are responsible for evaluating the accuracy of the new move-in occupant documents they receive
TDTMS 020524	Supported the 12/4/23 CenterPoint Energy comments and clarified paragraph (1)(a)(ii)(B) of Section 7.16.4.3.2 and paragraph (1)(a)(ii)(B) of Section 7.17.3.3.2 for further guidance on acceptable lease agreement submissions for the removal of a switch hold

Market Rules Notes

None

Proposed Guide Language Revision

7.16.4.3.2 *Steps for Removal of a Switch Hold for Meter Tampering for Purposes of a Move in*

- (1) Switch Hold Removal Step 1 – Gaining CR
 - (a) Once the gaining CR determines that the Customer requesting the move in is neither the Customer nor associated with the Customer subject to the switch hold, the gaining CR shall obtain the documentation listed in items (i) and (ii) below from the Customer to remove the switch hold. For move ins associated with a Continuous Service Agreement (CSA), only documentation in item (iii) below is required.
 - (i) A signed statement as set forth in Section 9, Appendices, Appendix J2, New Occupant Statement, or Appendix J3, Declaración De Nuevo Ocupante (New Occupant Statement – Spanish), from the applicant stating that the applicant is a new occupant of the Premise(s) and is not associated with the preceding occupant. All fields must be completed to be considered a valid submission; and
 - (ii) The name(s) on the New Occupant Statement shall appear at least one time on any of the following document(s), and may be rejected if the name(s) cannot be reconciled:

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- (A) One of the following bills, in the new occupant's name, dated within the last two months from a different Premise address (cell phone invoices are not accepted):
- (1) Natural Gas/Propane;
 - (2) Water/Sewer;
 - (3) Electricity; or
 - (4) Cable/Internet.
- (B) ~~Copy of a current lease signed by all parties subsequent to the date the switch hold was applied to the Premise for the new occupant requesting move in (any expired lease agreements, or any lease agreement not signed by all parties shall be rejected);~~ Relevant portions of current, signed lease agreement showing the following pertinent information:
- (1) Full Premise address;
 - (2) Tenant and landlord/property manager names;
 - (3) Occupant names (if provided);
 - (4) Effective lease dates; and
 - (5) Authorized signature pages with both the tenant and the landlord/property manager; and-
 - (5) Effective lease dates.
 - (a) The commencement date of the effective lease agreement must be after the switch hold was applied to the Premise for the new occupant requesting the move in.
 - (b) Any expired lease agreements, or any lease agreement not signed by all responsible above parties listed above shall be rejected by the CR that initially received and reviewed all of the submitter's relevant documentation are not acceptable.

The gaining CR requesting removal of a switch hold shall review all documentation and, if all requirements are met, may proceed with MarkeTrak request.

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- (C) Notarized affidavit of landlord (see Section 9, Appendices, Appendix J6, Sample – Affidavit of Landlord);
 - (D) Closing documents indicating transfer of ownership occurred subsequent to the date the switch hold applied to Premise:
 - (1) Closing Statement with buyer/seller signatures; or
 - (2) Deed that has been filed with the county clerk, indicating street name and house number;
 - (E) Certificate of occupancy indicating new occupant being subsequent to the date of the switch hold applied to the Premise;
 - (F) Other comparable documentation in the name of the new retail applicant for electric service.
- (iii) A CSA Statement as set forth in Section 9, Appendices, Appendix J4, Continuous Service Agreement (English), or Appendix J5, Declaración de Acuerdo de Servicio Continuo (Continuous Service Agreement Statement – Spanish), from the current CSA REP of record stating that the Premise is vacant and has an active CSA.
- (b) Gaining CR shall create a MarkeTrak issue using the subtype of *Switch Hold Removal*, attach all required documentation and assign the issue to the TDSP.
- (2) Switch Hold Removal Step 2 – TDSP
 - (a) The TDSP shall reply within one Business Hour of becoming the responsible Market Participant of the MarkeTrak issue with one of the responses below:
 - (i) The TDSP may reject the issue. If the issue is rejected, any further request to have the switch hold removed must be submitted in the form of a new MarkeTrak issue. All timelines will be reset upon submittal of a new MarkeTrak issue as outlined starting with Switch Hold Removal Step 1 in paragraph (1) above. Reasons for which the TDSP may reject the issue are as follows:
 - (A) Inadequate documentation upon submission of the MarkeTrak issue;
 - (1) Name(s) on New Occupant Statement does not appear on any documentation submitted under paragraph (1)(a)(ii) above;
 - (B) Reasonable determination that the gaining CR's Customer is associated with the Customer who resided at the location when

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meter tampering occurred, including the reason for this determination and all relevant internal documentation;

(C) Current REP of record is the submitter of the MarkeTrak issue; or

(D) No switch hold is currently applied to the ESI ID.

(ii) The TDSP may accept the issue and shall:

(A) Transition the MarkeTrak issue to the current REP of record; or

(B) Proceed to Switch Hold Removal Step 4 in paragraph (4) below if there is no REP of record; and

(C) Assign the issue back to the gaining CR.

(3) Switch Hold Removal Step 3 – Losing CR

(a) The losing CR shall take the following action within one and a half Business Hours of having been assigned the issue by the TDSP:

(i) Review all documentation provided by the gaining CR; and

(ii) Transition the issue as indicated below:

(A) If the losing CR agrees that gaining CR's Customer is not associated with the losing CR's Customer, the losing CR shall select the "Agree" transition within MarkeTrak; or

(B) If the losing CR has information that indicates that the gaining CR's Customer and the losing CR's Customer are associated, the losing CR shall choose the "Disagree" transition within MarkeTrak. Additionally, the losing CR must state reasons for disagreement and attach documents that support the losing CR's position.

(b) If the losing CR has not chosen the "Agree" or "Disagree" transition within one and a half Business Hours of receipt, therefore remaining responsible Market Participant within the MarkeTrak issue, the losing CR is considered to agree with the gaining CR's removal of the switch hold request.

(i) The gaining CR may use the "Time Limit Exceeded" transition to request a final decision from the TDSP if there is no response from the losing CR by the end of the allotted time. The gaining CR shall only use this transition when the losing CR has been responsible Market Participant of the MarkeTrak issue in excess of their allotted time. The TDSP will become responsible Market Participant if this transition is used by the gaining CR.

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(4) Switch Hold Removal Step 4 – TDSP

- (a) The TDSP shall have the remaining time between the assignment of the issue and the end of the four Business Hours timeframe to respond with a decision, but no less than one and a half Business Hours.
- (b) The TDSP shall review all comments and documentation received, but retains the discretion to determine the final status of the switch hold. Upon completion of the review, the TDSP shall take the following action:
 - (i) Disapprove the removal of the switch hold during the final review period if the TDSP has internal information that indicates the requesting CR's Customer is associated with the losing CR's Customer regardless of documentation provided. TDSP shall place comments in the issue notifying parties of the reason for disapproval and attach all relevant internal documentation;
 - (ii) Approve the removal of the switch hold upon verification that the losing CR failed to respond within one and a half Business Hours of receipt using the "State Change History" as the sole indicator if the gaining CR transitions the MarkeTrak issue to the TDSP requesting a final decision due to the losing CR's failure to respond to the issue within the allotted timeframe. The TDSP shall remove the switch hold to allow completion of a move in request and place comments in the issue notifying parties of the decision to remove the switch hold;
 - (iii) Review the MarkeTrak issue received with comments from both CRs and if it is determined that the TDSP has no internal information that indicates the gaining CR's Customer is associated with the losing CR's Customer, the TDSP shall:
 - (A) If there is agreement among both CRs that the switch hold should be removed, the TDSP will remove the switch hold and assign the issue back to the gaining CR, notifying parties of the removal of the switch hold, through comments; or
 - (B) If there is disagreement, the TDSP will evaluate all information provided by both CRs and assign the issue back to the gaining CR with the final decision to approve or deny the request to remove the switch hold, through comments. If the decision is to approve the request to remove the switch hold, the TDSP shall remove the switch hold prior to assigning the issue back to the gaining CR.
 - (iv) Disapprove the removal of the switch hold and notify parties, through comments, of the reason for disapproval if the TDSP receives the MarkeTrak issue from the gaining CR for a final decision and the "State Change History" indicates that the losing CR was not provided the full one

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and a half Business Hours allocated under Switch Hold Removal Step 3 in paragraph (3) above; or

- (v) Disapprove the removal of the switch hold and notify parties, through comments, of the reason for disapproval if the TDSP does not receive the full Business Hour for review and the allotted time was inadequate for a final decision to be made.

(5) Switch Hold Removal Step 5 – All Market Participants Involved

- (a) If at any time, the TDSP becomes aware that the MarkeTrak issue was not resolved within the four Business Hour timeframe, the TDSP shall make a decision on whether or not to remove the switch hold based upon the existing activity within the MarkeTrak issue. The TDSP shall place comments in the MarkeTrak issue containing the final decision and transition the issue if possible.
- (b) If at any time, the gaining CR becomes aware that the MarkeTrak issue was not resolved within the four Business Hour timeframe, the gaining CR shall notify the TDSP, via the MarkeTrak e-mail function and request a final decision.
- (c) If at any time, the losing CR becomes aware that the MarkeTrak issue was not resolved within the four Business Hour timeframe, the losing CR shall notify the TDSP, via the MarkeTrak e-mail function and request a final decision.

7.17.3.3.2 *Steps for Removal of a Switch Hold for Deferred Payment Plans for Purposes of a Move in*

(1) Switch Hold Removal Step 1 – Gaining CR

- (a) Once the gaining CR determines that the Customer requesting the move in is neither the Customer nor associated with the Customer subject to the switch hold, the gaining CR shall obtain the documentation listed in items (i) and (ii) below from the Customer to remove the switch hold. For move ins associated with a Continuous Service Agreement (CSA), only documentation in item (iii) below is required.
 - (i) A signed statement as set forth in Section 9, Appendices, Appendix J2, New Occupant Statement, or Appendix J3, Declaración De Nuevo Ocupante (New Occupant Statement – Spanish), from the applicant stating that the applicant is a new occupant of the Premise(s) and is not associated with the preceding occupant. All fields must be completed to be considered a valid submission; and
 - (ii) The name(s) on the New Occupant Statement shall appear at least one time on any of the following document(s) and may be rejected if the name(s) cannot be reconciled:

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(A) One of the following bills, in the new occupant's name, dated within the last two months from a different Premise address (cell phone invoices are not accepted):

- (1) Natural Gas/Propane;
- (2) Water/Sewer;
- (3) Electricity; or
- (4) Cable/Internet.

(B) ~~Copy of a current lease signed by all parties subsequent to the date the switch hold was applied to the Premise for the new occupant requesting the move in (any expired lease agreements, or any lease agreement not signed by all parties shall be rejected);~~ Relevant portions of current, signed lease agreement showing the following pertinent information:

(1) Full Premise address;

(2) Tenant and landlord/property manager names;

(3) Occupant names (if provided);

(4) Effective lease dates; and

(5) Authorized signature pages with both the tenant and the landlord/property manager; and

(6) Effective lease dates.

(a) The commencement date of the effective lease agreement must be after the switch hold was applied to the Premise for the new occupant requesting the move in.

(b) Any expired lease agreements, or any lease agreement not signed by all responsible above parties listed above shall be rejected by the CR that initially received and reviewed all of the submitter's relevant documentation are not acceptable.

The gaining CR requesting removal of a switch hold shall review all documentation and, if all requirements are met, may proceed with MarkeTrak request.

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- (C) Notarized affidavit of landlord (see Section 9, Appendices, Appendix J6, Sample – Affidavit of Landlord);
 - (D) Closing documents indicating transfer of ownership occurred subsequent to the date the switch hold applied to Premise:
 - (1) Closing Statement with buyer/seller signatures; or
 - (2) Deed that has been filed with the county clerk, indicating street name and house number;
 - (E) Certificate of occupancy indicating new occupant being subsequent to the date of the switch hold applied to the Premise;
 - (F) Other comparable documentation in the name of the new retail applicant for electric service.
- (iii) A CSA Statement as set forth in Section 9, Appendices, Appendix J4, Continuous Service Agreement (English), or Appendix J5, Declaración de Acuerdo de Servicio Continuo (Continuous Service Agreement Statement – Spanish), from the current CSA REP of record stating that the Premise is vacant and has an active CSA.
- (b) Gaining CR shall create a MarkeTrak issue using the subtype of *Switch Hold Removal*, attach all required documentation and assign the issue to the TDSP.
- (2) Switch Hold Removal Step 2 – TDSP
 - (a) The TDSP shall reply within one Business Hour of becoming the responsible Market Participant of the MarkeTrak issue with one of the responses below:
 - (i) The TDSP may reject the issue. If the issue is rejected, any further request to have the switch hold removed must be submitted in the form of a new MarkeTrak issue. All timelines will be reset upon submittal of a new MarkeTrak issue as outlined starting with Switch Hold Removal Step 1 in paragraph (1) above. Reasons for which the TDSP may reject the issue are as follows:
 - (A) Inadequate documentation upon submission of the MarkeTrak issue;
 - (1) Name(s) on New Occupant Statement does not appear on any documentation submitted under paragraph (1)(a)(ii) above;
 - (B) Reasonable determination that the gaining CR's Customer is associated with the Customer who resided at the location when

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placement of the switch hold occurred, including the reason for this determination and all relevant internal documentation;

- (C) Current REP of record is the submitter of the MarkeTrak issue; or
- (D) No switch hold is currently applied to the ESI ID.

(ii) The TDSP may accept the issue and shall:

- (A) Transition the MarkeTrak issue to the current REP of record; or
- (B) Proceed to Switch Hold Removal Step 4 in paragraph (4) below if there is no REP of record; and
- (C) Assign the issue back to the gaining CR.

(3) Switch Hold Removal Step 3 – Losing CR

(a) The losing CR shall take the following action within one and a half Business Hours of having been assigned the issue by the TDSP:

- (i) Review all documentation provided by the gaining CR; and
- (ii) Transition the issue as indicated below:

- (A) If the losing CR agrees that gaining CR's Customer is not associated with the losing CR's Customer, the losing CR shall select the "Agree" transition within MarkeTrak; or
- (B) If the losing CR has information that indicates that the gaining CR's Customer and the losing CR's Customer are associated, the losing CR shall choose the "Disagree" transition within MarkeTrak. Additionally, the losing CR must state reasons for disagreement and attach documents that support the losing CR's position.

(b) If the losing CR has not chosen the "Agree" or "Disagree" transition within one and a half Business Hours of receipt, therefore remaining responsible Market Participant within the MarkeTrak issue, the losing CR is considered to agree with the gaining CR's removal of the switch hold request.

- (i) The gaining CR may use the "Time Limit Exceeded" transition to request a final decision from the TDSP if there was no response from the losing CR by the end of their allotted time. The gaining CR shall only use this transition when the losing CR has been responsible Market Participant of the MarkeTrak issue in excess of their allotted time. The TDSP will become responsible Market Participant if this transition is used by the gaining CR.

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(4) Switch Hold Removal Step 4 – TDSP

- (a) The TDSP shall have the remaining time between the assignment of the issue and the end of the four Business Hours timeframe to respond with a decision, but no less than one and a half Business Hours.
- (b) The TDSP shall review all comments and documentation received, but retains the discretion to determine the final status of the switch hold. Upon completion of the review, the TDSP shall take the following action:
 - (i) Disapprove the removal of the switch hold during the final review period if the TDSP has internal information that indicates the requesting CR's Customer is associated with the losing CR's Customer regardless of documentation provided. TDSP shall place comments in the issue notifying parties of the reason for disapproval and attach all relevant internal documentation;
 - (ii) Approve the removal of the switch hold upon verification that the losing CR failed to respond within one and a half Business Hours of receipt using the "State Change History" as the sole indicator if the gaining CR transitions the MarkeTrak issue to the TDSP requesting a final decision due to the losing CR's failure to respond to the issue within the allotted time frame. The TDSP shall remove the switch hold to allow completion of a move in request and place comments in the issue notifying parties of the decision to remove the switch hold;
 - (iii) Review the MarkeTrak issue received with comments from both CRs and if it is determined that the TDSP has no internal information that indicates the gaining CR's Customer is associated with the losing CR's Customer, the TDSP shall:
 - (A) If there is agreement among both CRs that the switch hold should be removed, the TDSP will remove the switch hold and assign the issue back to the gaining CR, notifying parties of the removal of the switch hold, through comments; or
 - (B) If there is disagreement, the TDSP will evaluate all information provided by both CRs and assign the issue back to the gaining CR with the final decision to approve or deny the request to remove the switch hold through comments. If the decision is to approve the request to remove the switch hold, the TDSP shall remove the switch hold prior to assigning the issue back to the gaining CR.
 - (iv) Disapprove the removal of the switch hold and notify parties, through comments, of the reason for disapproval if the TDSP receives the MarkeTrak issue from the gaining CR for a final decision and the "State Change History" indicates that the losing CR was not provided the full one

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and a half Business Hours allocated under Switch Hold Removal Step 3 in paragraph (3) above; or

- (v) Disapprove the removal of the switch hold and notify parties, through comments, of the reason for disapproval if the TDSP does not receive the full Business Hour for review and the allotted time was inadequate for a final decision to be made.

(5) Switch Hold Removal Step 5 – All Market Participants Involved

- (a) If at any time, the TDSP becomes aware that the MarkeTrak issue was not resolved within the four Business Hour time frame, the TDSP shall make a decision on whether or not to remove the switch hold based upon the existing activity within the MarkeTrak issue. The TDSP shall place comments in the MarkeTrak issue containing the final decision and transition the issue if possible.
- (b) If at any time, the gaining CR becomes aware that the MarkeTrak issue was not resolved within the four Business Hour time frame, the gaining CR shall notify the TDSP, via the MarkeTrak e-mail function and request a final decision.
- (c) If at any time, the losing CR becomes aware that the MarkeTrak issue was not resolved within the four Business Hour time frame, the losing CR shall notify the TDSP, via the MarkeTrak e-mail function and request a final decision.

ERCOT Impact Analysis Report

RMGRR Number	<u>177</u>	RMGRR Title	Switch Hold Removal Clarification
Impact Analysis Date	February 13, 2024		
Estimated Cost/Budgetary Impact	None.		
Estimated Time Requirements	No project required. This Retail Market Guide Revision Request (RMGRR) can take effect following Public Utility Commission of Texas (PUCT) approval.		
ERCOT Staffing Impacts (across all areas)	Ongoing Requirements: No impacts to ERCOT staffing.		
ERCOT Computer System Impacts	No impacts to ERCOT computer systems.		
ERCOT Business Function Impacts	No impacts to ERCOT business functions.		
Grid Operations & Practices Impacts	No impacts to ERCOT grid operations and practices.		

Evaluation of Interim Solutions or Alternatives for a More Efficient Implementation

None offered.

Comments

None.