



## **Filing Receipt**

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**Item Number - 79**

# Public Utility Commission of Texas

## Memorandum

**TO:** Chairman Thomas Gleeson  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty  
Commissioner Kathleen Jackson

**FROM:** Kim Van Winkle, Market Analysis Division

**DATE:** June 6, 2024

**RE:** June 13, 2024, Open Meeting – Item No. 30  
Project No. 54445 – *Review of Protocols Adopted by the Independent Organization (Discussion and possible action)*

Before the Commission are two new Nodal Protocol Revision Requests (NPRRs) and one Retail Market Guide Revision Request (RMGRR) 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 its April 23, 2024, meeting. The Board Reports (including ERCOT Market Impact Statements) and ERCOT Impact Analyses for the above revisions were filed in this project on May 1, 2024.<sup>1</sup> These documents are intended to provide an overview describing each revision. Commission Staff recommends approval of each of these revisions.

- NPRR1197, *Optional Exclusion of Load from Netting at ERCOT-Polled Settlement (EPS) Metering Facilities which Include Resources* – This 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).

<b>Staff Recommendation</b>	Approve
<b>Board Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	There was one opposing vote from the Cooperative Market Segment (STEC). STEC asserts that auxiliary load should be settled as a retail sale and opposed NPRR1197 for the same reason they attempted to prohibit this metering situation in the recently rejected NPRR1194, Wholesale Storage Load Auxiliary Netting.
<b>ERCOT Market Impact Statement</b>	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.

<sup>1</sup> Notice of Recommended Approval of Revision Requests by ERCOT Board of Directors, AIS Item No. 78 (May 1, 2024).

<b>Sponsor</b>	Engie
<b>IMM Opinion</b>	No opinion

South Texas Electric Cooperative (STEC) opposed this NPRR at TAC for the same reason they attempted to prohibit this metering situation in the recently rejected NPRR 1194 *Wholesale Storage Load (WSL) Auxiliary Netting*. STEC asserts that auxiliary load is a retail sale and netting of discharged energy with retail auxiliary load from a facility qualified for WSL treatment is not permissible under 16 TAC §25.501(m)(2), which provides that:

“Wholesale storage occurs when electricity is used to charge a storage facility; the storage facility is separately metered from all other facilities including auxiliary facilities; and energy from the electricity is stored in the storage facility and subsequently re-generated and sold at wholesale as energy or ancillary services.”

To address this concern, STEC sponsored NPRR 1194, but it was rejected at Protocol Revision Subcommittee (PRS) in December 2023. STEC and others have also noted the proliferation of private use networks since NPRR 945 *Net Metering Requirements* adopted in December of 2020 eliminated the common ownership (“associated load”) requirement for net metering, raising concerns that customers use netting to reduce their load during the summer 4 Coincident Peak (4CP) intervals and thereby reduce their transmission cost burden, while relying on the transmission grid for service during non-4-CP intervals.

In comments opposing NPRR 1194, ERCOT said that STEC misinterprets 16 TAC §25.501(m)(2), citing the Commission’s 2012 Order adopting amendments to that rule where the Commission concluded that “a storage facility is entitled to be treated like other generation facilities in the sale of energy and ancillary services at wholesale.”<sup>2</sup> Noting that when an Energy Storage Resource (ESR) discharges stored energy, it generates power like any other generator, ERCOT argued that assigning retail treatment to auxiliary load *when an ESR site is exporting to the grid* would be contrary to PURA §§35.152(a) and (b)(3) (ESRs as generation assets), as well as the nondiscrimination provisions in §39.151(a)(1).

Staff concurs with ERCOT’s analysis of PURA and 16 TAC §25.501(m)(2) and recommends approval in order to provide consistent treatment of ESRs and other generators that net auxiliary load with generation when exporting to the grid.

- NPRR1205, *Revisions to Credit Qualification Requirements of Banks and Insurance Companies* – This 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 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.

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<sup>2</sup> *Rulemaking on Energy Storage Issues*, PUC Project 39917, Order Adopting Amendments to § 25.192 and § 25.501 as Approved at the March 7, 2012 Open Meeting at Page 12 (Mar. 29, 2012).

<b>Staff Recommendation</b>	Approve
<b>Board 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 NPRR1205 and believes the market impact for NPRR1205 strengthens ERCOT's market entry eligibility and continued participation requirements.
<b>Sponsor</b>	ERCOT
<b>IMM Opinion</b>	No opinion

- *RMGRR177, Switch Hold Removal Clarification* This 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. This RMGRR also clarifies in Section 7.14.4 that the REF~JH~I data element is dedicated exclusively to Customer-owned generation.

<b>Staff Recommendation</b>	Approve
<b>Board 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 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.
<b>Sponsor</b>	Sheri Wiegand on behalf of TDTMS
<b>IMM Opinion</b>	No opinion

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

**PROJECT NO. 54445**

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

**PROPOSED ORDER APPROVING ERCOT REVISION REQUESTS**

This Order addresses three proposed revisions to Electric Reliability Council of Texas (ERCOT) protocols. The Commission approves these revisions and accompanying market impact statements.

At its meeting on April 23, 2024, the ERCOT Board of Directors (Board) recommended Commission approval of the following three proposed revisions:

- 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.

On May 1, 2024, 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 June 6, 2024, related to these revisions in which it recommends that the Commission approve the revisions.

The Commission finds that the revisions to the ERCOT protocols 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 NPRR1197 and accompanying market impact statement
2. The Commission approves NPRR1205 and accompanying market impact statement.
3. The Commission approves RMGRR177 and accompanying market impact statement.

Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_ 2024

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**THOMAS GLEESON, CHAIRMAN**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**

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**KATHLEEN JACKSON, COMMISSIONER**