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Filing Date - 2024-11-14 01:57:52 PM

Control Number - 54445

Item Number - 97

PROJECT NO. 54445

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

PROPOSED ORDER APPROVING ERCOT REVISION REQUESTS

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

At its meeting on October 10, 2024, the ERCOT Board of Directors (Board) recommended Commission approval of the following eleven proposed revisions:

- NPRR1188, Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources;
- NPRR1215, Clarifications to the Day-Ahead Market (DAM) Energy-Only Offer Calculation;
- NPRR1221, Related to NOGRR262, Provisions for Operator-Controlled Manual Load Shed;
- NPRR1227, Related to RMGRR181, Alignment of Defined Term Usage and Resolution of Inconsistencies;
- NPRR1236, RTC+B Modifications to RUC Capacity Short Calculations;
- NPRR1237, Retail Market Qualification Testing Requirements;
- NPRR1244, Clarification of Controllable Load Resource Primary Frequency Response Responsibilities;
- NOGRR262, Provisions for Operator-Controlled Manual Load Shed;
- NOGRR263, Related to NPRR1244, Clarification of Controllable Load Resource Primary Frequency Response Responsibilities;
- OBDRR046, Related to NPRR1188, Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources;
- RMGRR181, Alignment of Defined Term Usage and Resolution of Inconsistencies.

On October 16, 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.

In addition, ERCOT submitted one Alignment NOGRR for approval, with accompanying Market Impact Statement:

- Alignment NOGRR270, Alignment Changes for December 1, 2024 Nodal Operating Guide – NPRR1221.

Commission Staff filed a memorandum on November 14, 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 NPRR1188 and accompanying market impact statement.
2. The Commission approves NPRR1215 and accompanying market impact statement.
3. The Commission approves NPRR 1221 and accompanying market impact statement.
4. The Commission approves NPRR1227 and accompanying market impact statement.
5. The Commission approves NPRR1236 and accompanying market impact statement.
6. The Commission approves NPRR1237 and accompanying market impact statement.
7. The Commission approves NPRR1244 and accompanying market impact statement.
8. The Commission approves NOGRR262 and accompanying market impact statement.
9. The Commission approves NOGRR263 and accompanying market impact statement.
10. The Commission approves OBDRR046 and accompanying market impact statement.
11. The Commission approves RMGRR181 and accompanying market impact statement.
12. The Commission approves Alignment NOGRR270 and accompanying market impact statement.

Signed at Austin, Texas the _____ day of _____ 2024.

PUBLIC UTILITY COMMISSION OF TEXAS

THOMAS J. GLEESON, CHAIRMAN

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER

KATHLEEN JACKSON, COMMISSIONER

COURTNEY K. HJALTMAN, COMMISSIONER

Public Utility Commission of Texas

Memorandum

TO: Chairman Thomas J. Gleeson
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Commissioner Kathleen Jackson
Commissioner Courtney K. Hjaltman

FROM: Kim Van Winkle, Market Analysis Division

DATE: November 14, 2024

RE: November 21, 2024, Open Meeting – Item No. 5
Project No. 54445 – Review of Protocols Adopted by the Independent Organization (Discussion and possible action)

Before the Commission are seven new Nodal Protocol Revision Requests (NPRRs), two Nodal Operating Guide Revision Requests (NOGRRs), one Other Binding Document Revision Request (OBDRR), and one Retail Market Guide Revision Requests (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 October 10, 2024, meeting. In addition, one Alignment NOGRR is included for approval.¹ The Board Reports (including ERCOT Market Impact Statements) and ERCOT Impact Analyses for the above revisions were filed in this project on October 16, 2024.² These documents are intended to provide an overview describing each revision. Commission Staff recommends approval of each of these revisions.

- NPRR11188, *Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources* – This NPRR changes the dispatch and pricing of Controllable Load Resources (CLRs) in response to items in Phase 1 of Public Utility Commission of Texas’ (PUCT’s) market design blueprint related to demand response and increasing the “...utilization of load resources for grid reliability”. Specifically, this NPRR is focused on the blueprint language discussing the pursuit of “...market modifications and technical measures to improve transparency of price signals for load resources, such as changing demand response pricing from zonal to locational marginal pricing (LMP)”. To address the above directive from the PUCT, this NPRR changes the market participation model for CLRs that are not Aggregate

¹ Alignment Revision Requests do not go through the stakeholder process but require Commission approval.

² Notice of Recommended Approval of Revision Requests by ERCOT Board of Directors, AIS Item No. 94 (Oct. 16, 2024).

Load Resources (ALRs) such that they are dispatched at a nodal shift factor and settled for their energy consumption at a nodal price.

Staff Recommendation	Approve
Board Action	Unanimously approved
Related Commission/Legislative Directive	Project 52373 Review of Wholesale Electric Market Design
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1188 and believes the market impact for NPRR1188 implements nodal pricing and Settlement for CLRs and provides several positive impacts, including increased efficiency of the DAM and improved CLR visibility to ERCOT operations and markets.
Sponsor	ERCOT
IMM Opinion	Supports

- NPRR1215, *Clarifications to the Day-Ahead Market (DAM) Energy-Only Offer Calculation*
This NPRR clarifies that the Day-Ahead Market (DAM) Energy-Only Offer credit exposure calculation zeros out negative values, with any zeroed-out values being included in the calculation of the dpth percentile difference. The current language could be read to imply that negative values are excluded from the calculation, but this is not the case. Negative values are set to zero and then included in the calculation. This clarification aligns with how ERCOT has been performing the calculation since Nodal Go-Live.

Staff Recommendation	Approve
Board Action	Unanimously approved
Related Commission/Legislative Directive	N/A
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1215 and believes the market impact for NPRR1215 is to clarify how ERCOT calculates credit exposure for bids and offers in the DAM.
Sponsor	ERCOT
IMM Opinion	No opinion

- NPRR1221, *Related to NOGRR262, Provisions for Operator-Controlled Manual Load Shed*
This NPRR aligns provisions regarding manual and automatic firm Load shed; clarifies the proper use and interplay of Under-Voltage Load Shed (UVLS), Under-Frequency Load Shed (UFLS), and manual Load shed; and addresses reliability concerns ERCOT has identified regarding the extent of Transmission Operators' (TOs') manual Load shed capabilities.

Staff Recommendation	Approve
Board Action	Unanimously approved
Related Commission/Legislative Directive	N/A
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1221 and believes it provides a positive market impact by ensuring the required alignment between ERCOT and TOs during an

	EEA Level 3 Load shed event, and ensuring ERCOT and TOs understand their respective responsibilities during an EEA Level 3 firm Load shed event.
Sponsor	ERCOT
IMM Opinion	No opinion

- *NPRR1227, Related to RMGRR181, Alignment of Defined Term Usage and Resolution of Inconsistencies* This NPRR aligns defined term usage in the Protocols with Section 2.1 and adds five definitions ('Acquisition Transfer', 'Decision', 'Effective Date', 'Gaining Competitive Retailer (CR)', and 'Losing Competitive Retailer (CR)') that were previously located in Retail Market Guide Sections 2.1, Definitions, and 7.11.2, Acquisition and Transfer of Customers from one Retail Electric Provider to Another. This NPRR also replaces the broadly titled terms 'Decision' and 'Effective Date' with the specific terms 'Mass Transition Decision', 'Acquisition Transfer Decision', 'Mass Transition Effective Date', and 'Acquisition Transfer Effective Date' to provide additional clarity. Finally, this NPRR expands the definitions of Gaining Competitive Retailer (CR) and Losing Competitive Retailer (CR) to apply beyond the Mass Transition and Acquisition Transfer processes.

Staff Recommendation	Approve
Board Action	Unanimously approved
Related Commission/Legislative Directive	N/A
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1227 and believes that it provides a positive market impact by offering process improvements by relocating four, shared-use definitions from the Retail Market Guide to the Protocols; and by aligning defined term usage throughout the Protocols.
Sponsor	ERCOT
IMM Opinion	No opinion

- *NPRR1236, RTC+B Modifications to RUC Capacity Short Calculations* This NPRR reflects the modifications addressed in the Real-Time Co-optimization Plus Batteries (RTC+B) Task Force whitepaper to the Reliability Unit Commitment (RUC) Capacity Short calculations. These modifications were discussed in RTC+B Task Force meetings on February 21, March 19, and April 10, 2024 as part of RTC+B Task Force Issue No. 17 and were endorsed by TAC on April 15, 2024. This NPRR addresses limitations in the current RUC Capacity Short calculations by considering Ancillary Service sub-types and changes to the calculation process involving Regulation Down Service (Reg-Down). This NPRR also addresses changes required to align Protocol language with the recently-approved NPRR1204, Considerations of State of Charge with Real-Time Co-Optimization Implementation, as it relates to the RUC process. This NPRR implements an approach that continues the current policy (i.e., allocating costs in a manner consistent with cost causation) to first proportionally assign RUC Make Whole costs to Qualified Scheduling Entities (QSEs) that are determined to be short of capacity or Ancillary Service capability when the RUC decision was made and, if necessary, assign the remaining RUC Make Whole costs to QSEs based on Load Ratio Share (LRS). This NPRR continues to follow the TAC-approved RTCTF Key Principle No. 3 (12).

Staff Recommendation	Approve
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Board Action	Unanimously approved
Related Commission/Legislative Directive	N/A
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1236 and believes the market impact for NPRR1236 addresses limitations in the current RTC grey-boxed language for RUC Capacity Short calculations by considering Ancillary Service sub-types, changes to the calculation process involving Reg-Down, correction to bill determinant formulas, and SOC of ESRs in alignment with NPRR1204. The changes in this NPRR were anticipated by the RTC+B project and are already being incorporated in the design.
Sponsor	ERCOT
IMM Opinion	No opinion

- NPRR1237, *Retail Market Qualification Testing Requirements* – This NPRR provides conditions in which ERCOT requires all Competitive Retailers (CRs), new and existing, and Transmission and/or Distribution Service Providers (TDSPs) to successfully complete retail market qualification testing.

Staff Recommendation	Approve
Board Action	Unanimously approved
Related Commission/Legislative Directive	N/A
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1237 and believes that it provides a positive market impact by offering general improvements by providing conditions in which ERCOT requires all CRs, new and existing, and TDSPs to successfully complete retail market qualification testing.
Sponsor	CenterPoint Energy
IMM Opinion	No opinion

- NPRR1244, *Clarification of Controllable Load Resource Primary Frequency Response Responsibilities* – This NPRR aligns provisions regarding eligibility of a Controllable Load Resource that is not providing Primary Frequency Response (“PFR”) to provide ERCOT Contingency Reserve Service (ECRS), and the calculation of Physical Responsive Capability (PRC) to include only the capacity of Controllable Load Resources when they are qualified to provide Regulation Service and/or Responsive Reserve (RRS) which requires the Controllable Load Resource to be capable of providing PFR.

Staff Recommendation	Approve
Board Action	Unanimously approved
Related Commission/Legislative Directive	N/A
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1244 and believes that it provides a positive market impact to enable a Load Resource to register as a Controllable Load Resource even if it is not capable of providing PFR. Specifically, this NPRR enables Controllable Load Resources that are not capable of providing PFR to be

	eligible to provide ECRS and Non-Spinning Reserve (Non-Spin). A Controllable Load Resource that is capable of providing PFR will continue to be required to respond to frequency disturbances with a Governor droop.
Sponsor	Priority Power Management
IMM Opinion	No opinion

- NOGRR262, *Provisions for Operator-Controlled Manual Load Shed* – This NOGRR aligns provisions regarding manual and automatic firm Load shed and clarifies the proper use and interplay of Under-Voltage Load Shed (UVLS), Under-Frequency Load Shed (UFLS), and manual Load shed.

Staff Recommendation	Approve
Board Action	Unanimously approved
Related Commission/Legislative Directive	N/A
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed NOGRR262 and believes it provides a positive market impact by ensuring the required alignment between ERCOT and TOs during an Energy Emergency Alert (EEA) Level 3 Load shed event, and ensuring ERCOT and TOs understand their respective responsibilities during an EEA Level 3 firm Load shed event.
Sponsor	ERCOT
IMM Opinion	No opinion

- NOGRR263, *Related to NPRR1244, Clarification of Controllable Load Resource Primary Frequency Response Responsibilities* – This NOGRR clarifies that a Controllable Load Resource is only required to provide Primary Frequency Response when it is providing an Ancillary Service that requires the Controllable Load Resource to be capable of providing Primary Frequency Response.

Staff Recommendation	Approve
Board Action	Unanimously approved
Related Commission/Legislative Directive	N/A
TAC Opposition	None
ERCOT Market Impact Statement	No impact (There are no additional impacts to this NOGRR beyond what was captured in the Impact Analysis for NPRR1244.)
Sponsor	Priority Power Management
IMM Opinion	No opinion

- OBDRR046, *Related to NPRR1188, Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources* – This OBDRR aligns the Procedure for Identifying Resource Nodes with the revisions from NPRR1188 to accommodate nodal Dispatch and Settlement of Controllable Load Resources (CLRs) that are not Aggregate Load Resources (ALRs).

Staff Recommendation	Approve
Board Action	Unanimously approved

Related Commission/Legislative Directive	Project 52373 Review of Wholesale Electric Market Design
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed OBDRR046 and believes the market impact for OBDRR046, along with NPRR1188, implements nodal pricing and Settlement for CLRs and provides several positive impacts, including increased efficiency of the DAM and improved CLR visibility to ERCOT operations and markets.
Sponsor	ERCOT
IMM Opinion	No opinion

- RMGRR181, *Alignment of Defined Term Usage and Resolution of Inconsistencies* – This RMGRR clarifies language in the Retail Market Guide to enhance consistency, aid readability, and reduce the risk of misinterpretation. It aligns defined term usage in the Retail Market Guide with Protocol Section 2.1, Definitions, relocates four definitions from Section 2.1 (‘Decision’, ‘Effective Date’, ‘Gaining Competitive Retailer’, and ‘Losing Competitive Retailer’) to Protocol Section 2.1 since these definitions are used in both the Retail Market Guide and the Nodal Protocols, and removes the no-longer-needed defined term ‘Target Effective Date.’ This RMGRR also aligns greybox language in paragraph (4) of Section 7.3.2.5 with RMGRR170, Inadvertent Gain Process Updates, removes paragraph (1) from Sections 7.11.1 and 7.11.2 due to redundancy, and makes non-substantive clarifying changes to resolve inconsistencies in Sections 7.16.4.3.2, 7.16.4.3.3, 7.17.3.3.2, and 7.17.3.3.3..

Staff Recommendation	Approve
Board Action	Unanimously approved
Related Commission/Legislative Directive	N/A
TAC Opposition	None
ERCOT Market Impact Statement	ERCOT Staff has reviewed RMGRR181 and believes that it provides a positive market impact by offering process improvements by relocating four, shared-use definitions from the Retail Market Guide to the Protocols; and by applying various, non-substantive alignment edits throughout the Retail Market Guide.
Sponsor	ERCOT
IMM Opinion	N/A

- Alignment NOGRR270, *Alignment of Defined Term Usage and Resolution of Inconsistencies* – This NOGRR aligns Energy Emergency Alert (EEA) language in Section 4.5.3.3 with Protocol Section 6.5.9.4.2, EEA Levels. On October 10, 2024, the ERCOT Board recommended approval of NPRR1221, which modified language in Protocol Section 6.5.9.4.2. Paragraph (6) of Section 1.3.1, Introduction, provides that ERCOT may make changes to the Nodal Operating Guide to maintain duplicate language between the Protocols and the related sections of the Nodal Operating Guide, and requires that Section 4.5.3.3 be modified only by an Alignment NOGRR.

Alignment Revision Request do not go through the stakeholder process, but still require Commission approval.

Staff Recommendation	Approve
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Board Action	N/A
Related Commission/Legislative Directive	N/A
TAC Opposition	N/A
ERCOT Market Impact Statement	ERCOT Staff has reviewed NOGRR270 and believes the market impact of NOGRR270 will be alignment of the Nodal Operating Guide with current Protocols.
Sponsor	ERCOT
IMM Opinion	N/A

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