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| REPORTS OF THE ELECTRIC | § | PUBLIC UTILITY COMMISSION |
| RELIABILITY COUNCIL OF TEXAS | § | |
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ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S
NOTICE OF PROTOCOL AND OPERATING GUIDE VIOLATIONS

Electric Reliability Council of Texas, Inc. (ERCOT) hereby notifies the Public Utility Commission of Texas (Commission) of the non-reliability related ERCOT Protocol and Operating Guide violations identified below.

A. Use of Default e2 Value

ERCOT Protocol Section 4.4.10, Credit Requirement for DAM Bids and Offers, identifies the method and parameters applicable to ERCOT's calculation of credit exposure for bids and offers in the Day Ahead Market (DAM). In March 2024, ERCOT staff realized that in calculating credit exposure for bids and offers in the DAM, it was using a default value that was not expressly identified in Section 4.4.10(10). Specifically, ERCOT was using a default value of zero (0) for the e2 parameter. No e2 parameter or corresponding value appear in Section 4.4.10(10).

Even though Protocol Section 4.4.10(1) does not identify the e2 parameter or value, ERCOT's use of the default zero (0) value is consistent with "Procedures for Setting Nodal Day Ahead Market (DAM) Credit Requirement Parameters," an Other Binding Document (OBD) approved by the ERCOT Board of Directors in July 2012. That OBD listed several default values, including the default value of e2 as zero (0). The discrepancy between the Protocols and default value utilized by ERCOT appears to stem from the fact that while NPRR671, Incorporation of DAM Credit Parameters into Protocols (approved in April of 2015), was intended to incorporate the OBD into the Protocols, the default value for the e2 parameter identified in the OBD was never incorporated into the Protocols. The OBD is no longer effective. ERCOT staff has continued its practice of using a default value of zero (0) for e2 since the launch of the Nodal Market, despite that default value not being in the Protocols. As of the date of this filing, no Market Participant has raised any concern regarding ERCOT's use of the zero (0) default value for e2.

In NPRR1215, Clarifications to the Day-Ahead Market (DAM) Energy-Only Offer Calculation, ERCOT proposed including the default e2 value in Section 4.4.10(1) in order to align

ERCOT's current practice and the Protocols. ERCOT anticipates that NPRR will be considered by the ERCOT Board at its October meeting and the Commission before the end of the year.

B. Delayed Approval Notification of Black Start Plan

Nodal Operating Guide Section 4.6.4(1)(b) requires that no more than 30 days after receiving a Transmission Operator's (TO's) new or revised Black Start plan, ERCOT must notify the TO of ERCOT's approval or disapproval of the TO's new or revised Black Start plan.

In May 2024, as a result of a semi-annual compliance self-assessment conducted by ERCOT, the ERCOT Reliability Monitor (ERM) was alerted to a potential violation of Section 4.6.4(1)(b) by ERCOT. The ERM determined the potential violation was not reliability-related. Subsequently, the ERCOT Legal Department reviewed the issue and confirmed that ERCOT's approval of a single TO's revised Black Start plan in late 2023 was not timely. Approval or disapproval of the plan was due by December 1, 2023. The Black Start plan at issue was to be effective January 1, 2024. Although ERCOT attempted to timely send a notification of approval on November 30, 2023, the email notification stalled in the ERCOT sender's email outbox and was not actually sent until December 4, 2023. The unintentional delay in sending violated Section 4.6.4(1)(b).

To reduce the chance of this issue reoccurring, ERCOT revised its process to include an extra control to verify that email notifications of approval or disapproval of Black Start plans are sent out successfully, without any technical issues.

CONCLUSION

ERCOT takes its responsibilities under the ERCOT Protocols and Operating Guides seriously and is prepared to discuss these matters in further detail at the Commission's request.

Dated: August 30, 2024

Respectfully submitted,

/s/ Katherine Gross

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