



Status Updates: Issues with Tier 4 Economic Project and Potential Solutions

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Concepts Considered

	Description	Pros	Cons	Comments
1	Use Tier 3 RPG project comment process to vet need for Tier 4 economic projects	<ul style="list-style-type: none"> More timely Less ERCOT staffing impacts 	<ul style="list-style-type: none"> Commenters may still request EIR 	<ul style="list-style-type: none"> Any stakeholder (e.g. TSP or non-TSP) could submit a project, but accurate data from TSP is necessary for the study (e.g. cost, parameters, topology, options) Potentially no changes to Protocols/ guides
2	TSPs perform, or hire a consultant to perform, economic analysis and otherwise follow normal Tier 3 or Tier 4 process (i.e. no ERCOT independent review)	<ul style="list-style-type: none"> More timely No ERCOT staffing impacts 	<ul style="list-style-type: none"> TSPs are not used to performing economic studies, may be overwhelmed by requests, and may not see the need Potential staffing impact to TSPs 	<ul style="list-style-type: none"> A consulting company would need to sign an NDA with the TSP if they used confidential ERCOT data Potentially no changes to Protocols/ guides
3	Require a minimum amount of savings for ERCOT endorsement of small economic projects	<ul style="list-style-type: none"> More timely Would reduce number of projects ERCOT evaluates, hence less ERCOT staffing impact 	<ul style="list-style-type: none"> Some projects that have a net societal benefit may not be endorsed 	<ul style="list-style-type: none"> Any stakeholder (e.g. TSP or non-TSP) could submit a project, but accurate data from TSP is necessary for the study (e.g. cost, parameters, topology, options) Stakeholder discussion would be needed to determine appropriate threshold – likely Protocol/ guide change
4	Perform economic analysis on a more frequent basis (e.g. semi-annual)	<ul style="list-style-type: none"> More timely 	<ul style="list-style-type: none"> Potential staffing impact to ERCOT 	<ul style="list-style-type: none"> Likely Protocol/ guide change
5	Perform ERCOT Independent Review of Tier 4 economic projects if requested with a non-refundable study fee	<ul style="list-style-type: none"> More timely 	<ul style="list-style-type: none"> Staffing impact to ERCOT, but offset by fee Cost to entities wanting to accelerate project review 	<ul style="list-style-type: none"> Process would be similar to Tier 2 projects, but fee would be charged to perform review of a small project outside of the RTP process Protocol/ guide change

Summary of Comments from Stakeholders

- Two comments were provided after the July PLWG, and no new concepts were proposed by Stakeholders
- **Concept 2** was supported, however, **Concept 1** was considered acceptable as long as consistency (e.g. data, assumptions, methodology, software) is maintained
 - It was also suggested that ERCOT would need to prescribe a clear process for TSPs/stakeholders conducting economic analyses
- **Concept 3** was not preferred as it is too limiting and may cause a big impact for some developers
- Regarding **Concepts 4 and 5**, it could be worth doing one or both, however, **Concept 4** may exacerbate time and resource issues

Next Steps

- ERCOT plans to work with stakeholders to create an economic analysis guideline to be used by ERCOT stakeholders (TSPs or non-TSPs)
- ERCOT will not pursue Concept 3 any further
- ERCOT may pursue Concepts 4 and 5 in the future

Guideline for Economic Analysis

- ERCOT will work with stakeholders to develop a guideline for economic analysis
 - The goal would be to provide sufficient structure and guidance such that stakeholders could perform economic analysis with reasonable certainty that the results would be acceptable to ERCOT (and other stakeholders)
- Some of the key items to be considered in the guideline include:
 - Data confidentiality
 - Data and methodology consistency (e.g. assumptions, methodology, input data, software)
- ERCOT will create a draft framework for a guideline and present at a future PLWG meeting

