|  |  |  |  |
| --- | --- | --- | --- |
| NPRR Number | [1233](https://www.ercot.com/mktrules/issues/NPRR1233) | NPRR Title | Modification of Weatherization Inspection Fees on the ERCOT Fee Schedule |
| Date of Decision | | July 31, 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 | |
| Nodal Protocol Sections Requiring Revision | | ERCOT Fee Schedule | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) adds a flat fee for federally owned generation units, and adjusts the weatherization inspection fee for Transmission Service Providers (TSPs). | |
| Reason for Revision | | [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 1 – Be an industry leader for grid reliability and resilience  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) 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  General system and/or process improvement(s)  Regulatory requirements  ERCOT Board/PUCT Directive  *(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)* | |
| Justification of Reason for Revision and Market Impacts | | Pursuant to 16 Texas Administrative Code § 25.55, Weather Emergency Preparedness, ERCOT is required to perform weatherization tasks, including conducting inspections of Generation Resources and Transmission Facilities. In NPRR1107, Addition of Weatherization Inspection Fees to the ERCOT Fee Schedule and Clarification of Generation Interconnection Request Fees, ERCOT revised the ERCOT Fee Schedule to include weatherization inspection fees for Resource Entities with Generation Resources or Energy Storage Resources (ESRs), as well as TSPs.  Under the current fee schedule, the weatherization inspection fee charged to each Resource Entity is based on that Resource Entity’s MW capacity as a percentage of ERCOT’s total capacity, regardless of whether an inspection actually takes place during an inspection cycle. This allocation method has prevented collection of inspection fees for some federally owned Generation Resources because federal policy only permits payment for benefits actually received. Charges assessed by an entity (including a state) against a federal facility must be a fair approximation of the cost of benefits actually received by the United States. Said differently, federally owned Generation Resources are not permitted to pay weatherization inspection fees unless an inspection takes place. Accordingly, the federal government has refrained from paying weatherization inspection fee charges when federally owned Generation Resources are not actually inspected during a given inspection cycle.  As a solution to this issue, ERCOT proposes a specific fee for each actual inspection of a federally owned Generation Resource based on the average to-date cost per inspection for all Resource Entities and TSPs of $4,475.04, which has been rounded to $4,500 for inclusion in the revised fee schedule. The reasoning underlying this proposed revision is consistent with the PUCT’s order in Docket No. 23220, in which ERCOT was ordered to revise its Protocols to exempt certain federally owned Resources from signing the ERCOT Standard Form Agreement as a result of sovereignty concerns. That order resulted in the adoption of Protocol Section 16.5.1.2, Waiver for Federal Hydroelectric Facilities, which creates a waiver of certain registration requirements for federally owned Generation Resources.  Additionally, ERCOT proposes TSP inspection fees be increased to the same $4,500 average cost per inspection, rather than the current $3,000 rate per inspection, in order to more accurately align the fee with actual costs incurred by ERCOT.  Finally, because ERCOT maintains a number of different databases that contain the information that ERCOT can use to track MW capacity within ERCOT, ERCOT proposes to take out the reference to its use of Resource Integration and Ongoing Operations-Resource Services (“RIOO-RS”) for its calculations. This gives ERCOT the ability to use a different database if necessary, or in the event that RIOO-RS is renamed in the future, to continue to use that database without an NPRR to update the name that appears in the ERCOT Fee Schedule. | |
| PRS Decision | | On 6/13/24, PRS voted unanimously to recommend approval of NPRR1233 as submitted. All Market Segments participated in the vote.  On 7/18/24, PRS voted unanimously to endorse and forward to TAC the 6/13/24 PRS Report and 5/28/24 Impact Analysis for NPRR1233. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 6/13/24, ERCOT Staff reviewed NPRR1233 and participants requested ERCOT share the aggregate inputs used to calculate the TSP fees. Discussion focused on the current methodology used to determine the weatherization fees and potential future modifications to the methodology with participants suggesting Resource Entity and TSP fees be separated to avoid subsidization and the average cost approach be applied to all those subject to inspections.  On 7/18/24, participants reviewed the 5/28/24 Impact Analysis for NPRR1233. | |
| TAC Decision | | On 7/31/24, TAC voted unanimously to recommend approval of NPRR1233 as recommended by PRS in the 7/18/24 PRS Report. All Market Segments participated in the vote. | |
| Summary of TAC Discussion | | On 7/31/24, there was no additional discussion beyond TAC review of the items below. | |
| TAC Review/Justification of Recommendation | | Revision Request ties to Reason for Revision as explained in Justification  Impact Analysis reviewed and impacts are justified as explained in Justification  Opinions were reviewed and discussed  Comments were reviewed and discussed (if applicable)  Other: (explain) | |
|  | |  | |
| **Opinions** | | | |
| Credit Review | | ERCOT Credit Staff and the Credit Finance Sub Group (CFSG) have reviewed NPRR1233 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. | |
| Independent Market Monitor Opinion | | IMM supports approval of NPRR1233. | |
| ERCOT Opinion | | ERCOT supports approval of NPRR1233. | |
| ERCOT Market Impact Statement | | ERCOT Staff has reviewed NPRR1233 and believes it provides a positive market impact by adding a flat fee for inspection of federally owned generation units, which were otherwise reportedly precluded from paying their weatherization inspection invoices, and modifying the per-inspection fee for TSPs to align with the actual average cost incurred by ERCOT to perform a weatherization inspection. | |

|  |  |
| --- | --- |
| Sponsor | |
| Name | David Kezell / Katherine Gross |
| E-mail Address | [David.Kezell@ercot.com](mailto:David.Kezell@ercot.com) / [Katherine.Gross@ercot.com](mailto:Katherine.Gross@ercot.com) |
| Company | ERCOT |
| Phone Number | 512-248-6670 / 512-225-7184 |
| Cell Number | None |
| Market Segment | Not applicable |

|  |  |
| --- | --- |
| **Market Rules Staff Contact** | |
| **Name** | Erin Wasik-Gutierrez |
| **E-Mail Address** | [erin.wasik-gutierrez@ercot.com](mailto:erin.wasik-gutierrez@ercot.com) |
| **Phone Number** | 413-886-2474 |
|  |  |
| **Comments Received** | |
| **Comment Author** | **Comment Summary** |
| None |  |
|  |  |
| **Market Rules Notes** | |

Please note the following NPRRs also propose revisions to the ERCOT Fee Schedule:

* NPRR1202, Refundable Deposits for Large Load Interconnection Studies
* NPRR1234, Interconnection Requirements for Large Loads and Modeling Standards for Loads 25 MW or Greater
* NPRR1242, Related to VCMRR042, SO2 and NOx Emission Index Prices Used in Verifiable Cost Calculations

|  |
| --- |
| Proposed Protocol Language Revision |

**ERCOT Fee Schedule**

***Effective December 20, 2023***

The following is a schedule of ERCOT fees currently in effect. These fees are not refundable unless ERCOT Protocols provide otherwise.

|  |  |  |
| --- | --- | --- |
| **Description** | **Nodal Protocol Reference** | **Calculation/Rate/Comment** |
| Private Wide Area Network (WAN) fees | 9.16.2 | Actual costs of procuring, using, maintaining, and connecting to the third-party communications networks and related hardware that provide ERCOT WAN communications. The portion of costs for ERCOT’s work regarding an initial installation or reconfiguration of an existing installation will not exceed $7,000. The portion of the monthly network management fee for ERCOT’s work will not exceed $450 per month. |
| ERCOT Load Resource Registration and Generator Interconnection or Modification fees | NA | $500 for registration of a new Load Resource.  If a Resource Entity seeks to increase the MW size of an existing Load Resource by more than 20% or change the Load Resource’s registration between non-Controllable Load Resource and Controllable Load Resource, it will incur a registration fee of $500.  The term “generator,” as used in this fee schedule relating to interconnection fees and Full Interconnection Study (FIS) Application fees, includes Generation Resources, Energy Storage Resources (ESRs), and Settlement Only Generators (SOGs) but, as reflected below, Settlement Only Distribution Generators (SODGs) will incur a different fee amount than transmission connected SOGs. The following fee amounts apply for the registration of a new generator:  $2,300 for SODGs;  $8,000 for generators that are less than 10 MW (other than SODGs); and  $14,000 for generators that are 10 MW or greater.  If a Resource Entity for an existing SODG seeks to change its registration to a Distribution Generation Resource (DGR) it will incur a registration fee of $8,000.  If a Resource Entity seeks to make a modification that is covered by paragraph (1)(c) of Planning Guide Section 5.2.1, Applicability, to an existing generator it will incur a registration fee in association with the modification request. If, at the time the modification is submitted, the cumulative MW amount of the modification and any other modifications that have been submitted for that generator within the last 12 months amount to less than 10 MW, the registration fee will be $2,300. If, at the time the modification is submitted, the cumulative MW amount of the modification and any other modifications that have been submitted for that generator within the last 12 months amount to 10 MW or greater, the registration fee will be $14,000. |
| Full Interconnection Study (FIS) Application fee | NA | $3,000 for an FIS Application relating to a new generator.  $2,700 for an FIS Application relating to modification of an existing generator. |
| Qualified Scheduling Entity (QSE) Application fee | 9.16.2 | $500 per Entity |
| Subordinate QSE (Sub-QSE) Application fee | 9.16.2 | $500 per Sub-QSE |
| Competitive Retailer (CR) Application fee | 9.16.2 | $500 per Entity |
| Congestion Revenue Right (CRR) Account Holder Application fee | 9.16.2 | $500 per Entity |
| Independent Market Information System Registered Entity (IMRE) fee | 9.16.2 | $500 per Entity |
| Resource Entity Application fee | 9.16.2 | $500 per Entity |
| Transmission and/or Distribution Service Providers (TDSPs) | 9.16.2 | $500 per Entity |
| Counter-Party Background Check fee | 9.16.2 | $350 per Principal |
| Weatherization Inspection fees | NA | Resource Entities with Generation Resources or Energy Storage Resources (ESRs) and Transmission Service Providers (TSPs) shall pay fees to ERCOT for costs related to weatherization inspections conducted pursuant to 16 Texas Administrative Code (TAC) § 25.55, Weather Emergency Preparedness, as provided below.  TSPs shall pay an inspection fee of $4,500 for each of their substations or switching stations that are inspected.  Each Resource Entity to which this Section applies, other than those that own or control Generation Resources and ESRs that are federally owned, shall pay an inspection fee calculated as the Semiannual Generation Resource Inspection Costs \* (Resource Entity MW Capacity/Aggregate MW Capacity). ERCOT will perform this calculation twice per calendar year and gather the necessary MW capacity data for that six-month period on one of the last 15 Business Days at the end of the period. Terms used in this formula are defined as follows:  Semiannual Generation Resource Inspection Costs for purposes of this Section equals the sum of outside services costs, ERCOT internal costs, and overhead costs related to weatherization inspections, less inspection fees that will be invoiced to TSPs and Resource Entities with Generation Resources and ESRs that are federally owned, for that six-month period.  Resource Entity MW Capacity for purposes of this Section equals the total MW capacity (using real power rating) associated with a Resource Entity with Generation Resources or ESRs.  Aggregate MW Capacity for purposes of this Section equals the total MW Capacity (using real power rating) of all the Resource Entities, other than Generation Resources and ESRs that are federally owned .  Resource Entities with Generation Resources and ESRs that are federally owned shall pay an inspection fee of $4,500 for each of the Resources that are inspected.  ERCOT will issue Invoices semiannually in the months of January and July for the preceding six-month period to the Resource Entities and TSPs that owe inspection fees. Payment of the fee will be due within 30 days of the Invoice date and late payments will incur 18% annual interest. Entities that fail to pay their Invoice on time will be publicly reported in a filing with the Public Utility Commission of Texas (PUCT). Further payment terms and instructions will be included on the Invoice. |
| Voluminous Copy fee | NA | $0.15 per page in excess of 50 pages |
| Actual Costs associated with Information Requests | NA | ERCOT will provide an estimate to the requestor of any vendor or third-party costs ERCOT deems appropriate to fulfill the information request. If the requestor approves the cost estimate, the requestor must pay all such costs as instructed by ERCOT before the information will be delivered to the requestor. |
| ERCOT Labor Costs for Information Requests | NA | $15 per hour of ERCOT time.  If ERCOT determines that a request will involve a substantial burden on ERCOT employee or contractor time to fulfill the request, ERCOT will provide an estimate to the requestor of the anticipated labor costs. If the requestor approves the cost estimate, the requestor must pay all such labor costs as instructed by ERCOT before the information will be delivered to the requestor. |
| ERCOT Training fees for courses that award Continuing Education Hours (CEHs) | NA | $25 per North American Electric Reliability Corporation (NERC) CEH.  Examples of such trainings include, without limitation, the Operator Training Seminar and Black Start Training. |
| Cybersecurity Monitor fee for Non-ERCOT Utilities that participate in the Texas Cybersecurity Monitor Program | NA | The Cybersecurity Monitor fee amount varies from year to year. The current fee amount is posted on ERCOT’s website here:  <https://www.ercot.com/services/programs/tcmp> |