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| **Date:** | October 3, 2024 |
| **To:** | Board of Directors |
| **From:** | Caitlin Smith, Technical Advisory Committee (TAC) Chair |
| **Subject:** | Unopposed Revision Requests Recommended by TAC for Approval |

## Issue for the ERCOT Board of Directors

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| **ERCOT Board of Directors Meeting Date:** October 10, 2024  **Item No.:** 3.1 |

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| **Issue:**Consideration of the following Revision Requests: Nodal Protocol Revision Request (NPRRs), Nodal Operating Guide Revision Requests (NOGRRs), Other Binding Document Revision Request (OBDRR), and Retail Market Guide Revision Request (RMGRR) recommended for approval by TAC (with no opposing votes recorded):  * 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; and * RMGRR181, Alignment of Defined Term Usage and Resolution of Inconsistencies. |
| **Background/History:** **Unless otherwise noted: (i) all Market Segments participated in each vote; (ii) For NPRRs, ERCOT Credit Staff and the Credit Finance Sub Group (CFSG) have reviewed the NPRR and do not believe it requires changes to credit monitoring activity or the calculation of liability; (iii) ERCOT supports the Revision Request; and (iv) the Independent Market Monitor (IMM) has no opinion on the Revision Request.**   * ***NPRR1188,*** ***Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources***   **Sponsor:** ERCOT  **Proposed Effective Date:** Upon system implementation – Priority 2026; Rank 390  **Estimated Impacts:** Between $1.8M and $2.5M  **Revision Description:** 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 Load Resources (ALRs) such that they are dispatched at a nodal shift factor and settled for their energy consumption at a nodal price.  **TAC Decision:** On 9/19/24, TAC voted unanimously to recommend approval of NPRR1188 as recommended by PRS in the 9/12/24 PRS Report.  **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 Day-Ahead Market (DAM) and improved CLR visibility to ERCOT operations and markets.  **IMM Opinion:** IMM supports approval of NPRR1188.   * ***NPRR1215, Clarifications to the Day-Ahead Market (DAM) Energy-Only Offer Calculation***   **Sponsor:** ERCOT  **Proposed Effective Date:** The first of the month following PUCT approval  **Estimated Impacts:** No impact  **Revision Description:** This NPRR clarifies that the 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. This clarification aligns with how ERCOT has been performing the calculation since Nodal Go-Live. It also clarifies that the “absolute value” of negative prices is used to increase exposure when prices are negative. Finally, it incorporates a default e2 value in the Protocols, which is consistent with Other Binding Document “Procedures for Setting Nodal Day Ahead Market (DAM) Credit Requirement Parameters,” and clarifies the definitions of e-factors.  **TAC Decision:** On 9/19/24, TAC voted unanimously to recommend approval of NPRR1215 as recommended by TAC in the 6/24/24 TAC Report as amended by the 8/1/24 ERCOT comments as revised by TAC.  **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.   * ***NPRR1221, Related to NOGRR262, Provisions for Operator Controlled Manual Load Shed***   **Sponsor:** ERCOT  **Proposed Effective Date:** Upon implementation of NOGRR262  **Estimated Impacts:** There are no additional impacts to this NPRR beyond what was captured in the Impact Analysis for NOGRR262.  **Revision Description:** 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.  **TAC Decision:** On 8/28/24, TAC voted unanimously to recommend approval of NPRR1221 as recommended by PRS in the 8/8/24 PRS Report.  **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 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.   * ***NPRR1227, Related to RMGRR181, Alignment of Defined Term Usage and Resolution of Inconsistencies***   **Sponsor:** ERCOT  **Proposed Effective Date:** The first of the month following PUCT approval  **Estimated Impacts:** No impact  **Revision Description:** 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.  **TAC Decision:** On 8/28/24, TAC voted unanimously to recommend approval of NPRR1227 as recommended by PRS in the 7/18/24 PRS Report.  **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.   * ***NPRR1236, RTC+B Modifications to RUC Capacity Short Calculations***   **Sponsor:** ERCOT  **Proposed Effective Date:** Upon implementation of PR447, Real-Time Co-Optimization (RTC)  **Estimated Impacts:** There are no additional impacts to this NPRR beyond what was captured in PR447.  **Revision Description:** 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, 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); and addresses changes required to align Protocol language with NPRR1204, Considerations of State of Charge with Real-Time Co-Optimization Implementation, as it relates to the RUC process.  **TAC Decision:** On 8/28/24, TAC voted unanimously to recommend approval of NPRR1236 as recommended by PRS in the 8/8/24 PRS Report.  **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 State of Charge (SOC) of Energy Storage Resources (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.   * ***NPRR1237, Retail Market Qualification Testing Requirements***   **Sponsor:** CenterPoint Energy  **Proposed Effective Date:** The first of the month following PUCT approval  **Estimated Impacts:** No impact  **Revision Description:** This NPRR provides conditions in which ERCOT requires all CRs, new and existing, and Transmission and/or Distribution Service Providers (TDSPs) to successfully complete retail market qualification testing.  **TAC Decision:** On 9/19/24, TAC voted unanimously to recommend approval of NPRR1237 as recommended by PRS in the 9/12/24 PRS Report.  **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.   * ***NPRR1244, Clarification of Controllable Load Resource Primary Frequency Response Responsibilities***   **Sponsor:** Priority Power  **Proposed Effective Date:** Upon system implementation – Priority 2025; Rank 4530  **Estimated Impacts:** Between $70K and $100K  **Revision Description:** This NPRR aligns provisions regarding eligibility of a Controllable Load Resource that is not providing Primary Frequency Response 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 Primary Frequency Response.  **TAC Decision:** On 9/19/24, TAC voted unanimously to recommend approval of NPRR1244 as recommended by PRS in the 9/12/24 PRS Report; and the 9/13/24 Revised Impact Analysis; with a recommended priority of 2026 and rank of 4710.  **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 Primary Frequency Response. Specifically, this NPRR enables Controllable Load Resources that are not capable of providing Primary Frequency Response to be eligible to provide ECRS and Non-Spinning Reserve (Non-Spin). A Controllable Load Resource that is capable of providing Primary Frequency Response will continue to be required to respond to frequency disturbances with a Governor droop.   * ***NOGRR262, Provisions for Operator-Controlled Manual Load Shed***   **Sponsor:** ERCOT  **Proposed Effective Date:** Thefirst of the month following PUCT approval  **Estimated Impacts:** No impact  **Revision Description:** This NOGRR aligns provisions regarding manual and automatic firm Load shed and clarifies the proper use and interplay of UVLS, UFLS, and manual Load shed.  **TAC Decision:** On 8/28/24, TAC voted unanimously to recommended approval of NOGRR262 as recommended by ROS in the 8/1/24 ROS Report.  **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 EEA Level 3 Load shed event, and ensuring ERCOT and TOs understand their respective responsibilities during an EEA Level 3 firm Load shed event.   * ***NOGRR263, Related to NPRR1244, Clarification of Controllable Load Resource Primary Frequency Response Responsibilities***   **Sponsor:** Priority Power  **Proposed Effective Date:** Upon implementation of NPRR1244  **Estimated Impacts:** There are no additional impacts to this NOGRR beyond what was captured in the Impact Analysis for NPRR1244.  **Revision Description:** 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.  **TAC Decision:** On 9/19/24, TAC voted unanimously to recommend approval of NOGRR263 as recommended by ROS in the 9/9/24 ROS Report; and the 9/13/24 Revised Impact Analysis.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed NOGRR263 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 Primary Frequency Response. Specifically, this NOGRR enables Controllable Load Resources that are not capable of providing Primary Frequency Response to be eligible to provide ECRS and Non-Spin Service. A Controllable Load Resource that is capable of providing Primary Frequency Response will continue to be required to respond to frequency disturbances with a Governor droop.   * ***OBDRR046, Related to NPRR1188, Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources***   **Sponsor:** Priority Power  **Proposed Effective Date:** Upon implementation of NPRR1188  **Estimated Impacts:** There are no additional impacts to this OBDRR beyond what was captured in the Impact Analysis for NPRR1188.  **Revision Description:** This OBDRR aligns the Procedure for Identifying Resource Nodes with the revisions from NPRR1188 to accommodate nodal Dispatch and Settlement of CLRs that are not ALRs.  **TAC Decision:** On 9/19/24, TAC voted unanimously to recommend approval of OBDRR046 as submitted and the 6/27/23 Impact Analysis.  **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.   * ***RMGRR181, Alignment of Defined Term Usage and Resolution of Inconsistencies***   **Sponsor:** ERCOT  **Proposed Effective Date:** The first of the month following PUCT approval  **Estimated Impacts:** No impact  **Revision Description:** This RMGRR 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 grey-box language in paragraph (4) of Section 7.3.2.5 with RMGRR170, Inadvertent Gain Process Updates, and makes non-substantive clarifying changes to resolve inconsistencies and redundancies.  **TAC Decision:** On 8/28/24, TAC voted unanimously to recommend approval of RMGRR181 as recommended by RMS in the 8/6/24 RMS Report.  **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.  The TAC Reports and Impact Analyses for these Revision Requests are included in the [ERCOT Board meeting materials](https://www.ercot.com/calendar/08202024-Board-of-Directors-Meeting).  In addition, these Revision Requests and supporting materials are posted on the ERCOT website. |
| **Key Factors Influencing Issue:** The PRS met, discussed the issues, and submitted reports to TAC regarding NPRRs 1188, 1215, 1221, 1227, 1236, 1237, and 1244.  The TAC met, discussed the issues, and took action on OBDRR046.  The ROS met, discussed the issues, and submitted a report to TAC regarding NOGRRs 262 and 263.  The RMS met, discussed the issues, and submitted reports to TAC regarding RMGRR181. |
| **Conclusion/Recommendation:** As more specifically described above, TAC recommends that the Board recommend approval of NPRRs 1188, 1215, 1221, 1227, 1236, 1237, and 1244; OBDRR046; NOGRRs 262 and 263; and RMGRR181. |

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

**BOARD OF DIRECTORS RESOLUTION**

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to recommend approval of the following Nodal Protocol Revision Request (NPRRs), Nodal Operating Guide Revision Requests (NOGRRs), Other Binding Document Revision Request (OBDRR), and Retail Market Guide Revision Request (RMGRR) recommended for approval by TAC:

* 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; and
* RMGRR181, Alignment of Defined Term Usage and Resolution of Inconsistencies.

THEREFORE, BE IT RESOLVED, that the Board hereby recommends approval of NPRRs 1188, 1215, 1221, 1227, 1236, 1237, and 1244; OBDRR046; NOGRRs 262 and 263; and RMGRR181.

**CORPORATE SECRETARY’S CERTIFICATE**

I, Chad V. Seely, Corporate Secretary of ERCOT, do hereby certify that, at its October 10, 2024 meeting, the Board passed a motion approving the above Resolution by \_\_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_ day of October 2024.

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Chad V. Seely

Corporate Secretary