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| NPRR Number | [1242](https://www.ercot.com/mktrules/issues/NPRR1242) | NPRR Title | Related to VCMRR042, SO2 and NOx Emission Index Prices Used in Verifiable Cost Calculations |
| Date of Decision | | August 8, 2024 | |
| Action | | Tabled | |
| Timeline | | Normal | |
| Proposed Effective Date | | To be determined | |
| Priority and Rank Assigned | | To be determined | |
| Nodal Protocol Sections Requiring Revision | | ERCOT Fee Schedule | |
| Related Documents Requiring Revision/Related Revision Requests | | Verifiable Cost Revision Request (VCMRR) 042, SO2 and NOx Emission Index Prices Used in Verifiable Cost Calculations | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) adds a user fee for Resource Entities with Generation Resources with emission costs to cover ERCOT’s annual subscription costs for emission cost indices. | |
| 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 | | To facilitate ERCOT’s review of emissions costs, specifically sulfur dioxide (SO2) and nitrogen oxide (NOX)), access to vendor data is necessary. To help ERCOT reduce its annual costs, this NPRR would add a user fee covered by Qualified Scheduling Entities (QSEs) with Generation Resources that produce emissions. The index prices are subject to volatility due to scarcity of allowances and upcoming trading activity as Environmental Protection Agency (EPA) rules are adopted and implemented. It is important for ERCOT to be able to track the range in seasonal index prices across the assigned EPA Group 2 or Group 3 since these reflect costs to purchase or opportunity costs of using allowances that are included in Generation Resources’ verifiable costs. | |
| PRS Decision | | On 8/8/24, PRS voted unanimously to table NPRR1242. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 8/8/24, participants reviewed NPRR1242 and the 8/2/24 ERCOT and 8/7/24 WMS comments, and requested additional time to review the proposed language. | |

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| **Opinions** | |
| Credit Review | To be determined |
| Independent Market Monitor Opinion | To be determined |
| ERCOT Opinion | To be determined |
| ERCOT Market Impact Statement | To be determined |

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| Sponsor | |
| Name | Katie Rich |
| E-mail Address | [katie.rich@vistracorp.com](mailto:Katie.rich@vistracorp.com) |
| Company | Luminant Generation Company LLC |
| Phone Number |  |
| Cell Number | 737-313-9351 |
| Market Segment | Independent Generator |

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| **Market Rules Staff Contact** | |
| **Name** | Brittney Albracht |
| **E-Mail Address** | [Brittney.Albracht@ercot.com](mailto:Brittney.Albracht@ercot.com) |
| **Phone Number** | 512-225-7027 |

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| **Comments Received** | |
| Comment Author | **Comment Summary** |
| ERCOT 080224 | Advised rejecting NPRR1242 as the proposed User Fee to pay for the emissions cost subscription would not meet the cost threshold required by ERCOT’s Board of Directors Board Policies and Procedures Section 10.2.1, Material Impact |
| WMS 080724 | Requested PRS table NPRR1242 for further review by the Resource Cost Working Group (RCWG) |

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| Market Rules Notes |

Please note that the following NPRR(s) also propose revisions to the following section(s):

* NPRR1202, Refundable Deposits for Large Load Interconnection Studies
  + ERCOT Fee Schedule
* NPRR1233, Modification of Weatherization Inspection Fees on the ERCOT Fee Schedule
  + ERCOT Fee Schedule
* NPRR1234, Interconnection Requirements for Large Loads and Modeling Standards for Loads 25 MW or Greater
  + ERCOT Fee Schedule

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| 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.

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| **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 $3,000 for each of their substations or switching stations that are inspected.  Each Resource Entity with Generation Resources or ESRs 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 = 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, for that six-month period.  Resource Entity MW Capacity = the total MW capacity associated with a Resource Entity with Generation Resources or ESRs. To calculate these amounts, ERCOT will query the Resource Integration and Ongoing Operations-Resource Services (“RIOO-RS”) for a report that lists the total MW capacity (real power rating) for all generation assets associated with each Resource Entity.  Aggregate MW Capacity = the total of all the Resource Entity MW Capacity amounts. To calculate this amount, ERCOT will query the RIOO-RS for a report that lists the total MW capacity (real power rating) for all Generation Resources and ESRs associated with all Resource Entities.  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. |
| Emissions Costs Subscription | NA | Resource Entities with Generation Resources that produce emissions subject to financial costs for those emissions shall pay fees to ERCOT for costs associated with its annual subscription to a vendor or vendors providing emission cost indices for use in the Verifiable Cost Manual. The fee shall be calculated as the annual subscription fee \* (Resource Entity MW Capacity/Aggregate MW Capacity) on the date that the annual subscription fee is paid by ERCOT. |
| 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> |