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| NPRR Number | [1261](https://www.ercot.com/mktrules/issues/NPRR1261) | NPRR Title | Operational Flexibility for CRR Auction Transaction Limits |
| Date of Decision | January 22, 2025 |
| Action | Recommended Approval |
| Timeline  | Normal |
| Estimated Impacts | Cost/Budgetary: None Project Duration: No project required |
| Proposed Effective Date | First of the month following Public Utility Commission of Texas (PUCT) approval |
| Priority and Rank Assigned | Not applicable |
| Nodal Protocol Sections Requiring Revision  | 7.5.2, CRR Auction Offers and Bids |
| Related Documents Requiring Revision/Related Revision Requests | None |
| Revision Description | This Nodal Protocol Revision Request (NPRR) removes references to Technical Advisory Committee (TAC)-approved Congestion Revenue Right (CRR) transaction limits and per-CRR Account Holder transaction limits and replaces the existing limits with a framework of transaction limits specific to each auction to maximize market bidding and liquidity while minimizing the risk of performance issues and/or triggering a transaction adjustment period.  |
| 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 | The ERCOT CRR market has consistently and significantly increased in the amount of market transactions. To address the growing number of market transactions ERCOT seeks to implement a new, more dynamic framework to maximize the number of transactions that can be allowed for all auctions, while also protecting against transaction adjustment periods and performance issues. ERCOT’s new framework will designate, for each auction, the following varying auction limits:* The overall transaction limit;
* Per-CRR Account Holder transaction limit; and
* Per time-of-use transaction limits.

ERCOT’s new framework will enable operational flexibility, which will ensure the maximum number of transactions are made available in each auction, while also preserving the optimizations’ performance, and will be communicated to the market in each auction’s Market Notice.  |
| PRS Decision | On 12/12/24, PRS voted unanimously to recommend approval of NPRR1261 as submitted. All Market Segments participated in the vote.On 1/15/25, PRS voted unanimously to endorse and forward to TAC the 12/12/24 PRS Report and 11/13/24 Impact Analysis for NPRR1261. All Market Segments participated in the vote. |
| Summary of PRS Discussion | On 12/12/24, ERCOT Staff provided an overview of NPRR1261 and participants reviewed the 12/6/24 DC Energy comments.On 1/15/25, there was no discussion. |
| TAC Decision | On 1/22/25, TAC voted unanimously to recommend approval of NPRR1261 as recommended by PRS in the 1/15/25 PRS Report. All Market Segments participated in the vote. |
| Summary of TAC Discussion | On 1/22/25, 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) |

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| **Opinions** |
| Credit Review | ERCOT Credit Staff and the Credit Finance Sub Group (CFSG) have reviewed NPRR1261 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 NPRR1261. |
| ERCOT Opinion | ERCOT supports approval of NPRR1261. |
| ERCOT Market Impact Statement | ERCOT Staff has reviewed NPRR1261 and believes the market impact for NPRR1261 enables operational flexibility for ERCOT to ensure the maximum number of transactions are made available within each CRR Auction while targeting to avoid performance issues and/or minimizing Transaction Adjustment Periods. |

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| Sponsor |
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| Cell Number |  |
| Market Segment | Not applicable |

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| **Market Rules Staff Contact** |
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| **Comments Received** |
| Comment Author | **Comment Summary** |
| DC Energy 120624 | Expressed support for NPRR1261 and requested continued engagement with Congestion Management Working Group (CMWG) on ERCOT’s decision making process on setting transaction limits |

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| Market Rules Notes |

None

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| Proposed Protocol Language Revision |

***7.5.2 CRR Auction Offers and Bids***

(1) To submit bids or offers into a CRR Auction, an Entity must become a CRR Account Holder and satisfy financial assurance criteria required to participate, under Section 16.8, Registration and Qualification of Congestion Revenue Rights Account Holders.

(2) In order to enforce a volume limitation on the number of market transactions (bids and offers) submitted into the CRR Auction, ERCOT shall evaluate the maximum number of transactions which are available prior to the auction, and evenly divide the limit across the CRR Account Holders eligible to submit bids or offers according to paragraph (1) above. This limit shall be designated as the preliminary allocated CRR transaction limit. A CRR Auction Notice will be provided to all CRR Account Holders prior to each auction. The CRR Auction Notice will include the following ERCOT determined limitations for each CRR Monthly Auction and each Long-Term Auction Sequence: the preliminary allocated CRR transaction limit; the maximum overall transaction limits; time-of-use transaction limits; and per-CRR Account Holder transaction limits.

(a) Prior to executing the CRR Auction but after the transaction submission window is closed, ERCOT shall determine which of the CRR Account Holders are Participating CRR Account Holders for that CRR Auction. ERCOT shall then calculate a final allocated CRR transaction limit by evenly dividing the number of available transactions across the Participating CRR Account Holders.

(b) If the total number of transactions submitted by all Participating CRR Account Holders into the CRR Auction does not exceed the maximum number of transactions available prior to the auction, then the final allocated CRR transaction limit will not apply and all transactions will be accepted.

(c) Within one hour after the close of each CRR Auction, ERCOT shall notify all CRR Account Holders of the total number of transactions submitted by all Participating CRR Account Holders and whether or not a transaction adjustment period is necessary. ERCOT may determine that a transaction adjustment period is not necessary if the total number of transactions submitted by all Participating CRR Account Holders does not exceed the number of transactions that can be processed by the CRR Auction system.

(d) If ERCOT announces a transaction adjustment period, ERCOT shall notify all CRR Account Holders of the final allocated transaction limit and reject all transactions submitted by each Participating CRR Account Holder whose sum total of transactions submitted to the affected CRR Auction exceeds the final allocated transaction limit. Each Participating CRR Account Holder may then adjust their transactions while respecting the final allocated CRR transaction limitation for the affected CRR Auction within one Business Day. ERCOT will then execute the CRR Auction using the updated set of transactions as revised by Market Participants.

(e) Each Counter-Party is limited to a total of three CRR Account Holders.

(f) ERCOT shall determine a charge for each PTP Option bid awarded in each CRR Auction as described in Section 7.7, Point-to-Point (PTP) Option Award Charge.

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| ***[NPRR936: Replace paragraph (2) above with the following upon system implementation:]***(2) In order to enforce a volume limitation on the number of market transactions (bids and offers) submitted into the CRR Auction, ERCOT shall evaluate the maximum number of transactions which are available prior to the auction, and evenly divide the limit across the Counter-Parties that are associated with CRR Account Holders eligible to submit bids or offers according to paragraph (1) above. This limit shall be designated as the preliminary allocated CRR transaction limit. A CRR Auction Notice will be provided to all CRR Account Holders prior to each auction. The CRR Auction Notice will include the following ERCOT determined limitations for each CRR Monthly Auction and each Long-Term Auction Sequence: the preliminary allocated CRR transaction limit; the maximum overall transaction limits; time-of-use transaction limits; and per-CRR Account Holder transaction limits.(a) Prior to executing the CRR Auction but after the transaction submission window is closed, ERCOT shall determine which of the Counter-Parties are associated with Participating CRR Account Holders for that CRR Auction. ERCOT shall then calculate a final allocated CRR transaction limit by evenly dividing the number of available transactions across the Counter-Parties associated with Participating CRR Account Holders.(b) If the total number of transactions submitted by all Participating CRR Account Holders into the CRR Auction does not exceed the maximum number of transactions available prior to the auction, then the final allocated CRR transaction limit will not apply and all transactions will be accepted.(c) Within one hour after the close of each CRR Auction, ERCOT shall notify all CRR Account Holders of the total number of transactions submitted by all Participating CRR Account Holders and whether or not a transaction adjustment period is necessary. ERCOT may determine that a transaction adjustment period is not necessary if the total number of transactions submitted by all Participating CRR Account Holders does not exceed the number of transactions that can be processed by the CRR Auction system. (d) If ERCOT announces a transaction adjustment period, ERCOT shall notify all CRR Account Holders of the final allocated transaction limit and reject all transactions submitted by each Participating CRR Account Holder associated with a Counter-Party whose sum total of transactions submitted to the affected CRR Auction exceeds the final allocated transaction limit. Each Participating CRR Account Holder may then adjust their transactions while respecting the final allocated CRR transaction limitation for the affected CRR Auction within one Business Day. ERCOT will then execute the CRR Auction using the updated set of transactions as revised by Market Participants.(e) ERCOT shall determine a charge for each PTP Option bid awarded in each CRR Auction as described in Section 7.7, Point-to-Point (PTP) Option Award Charge. |