

## CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS.

### Subchapter S. WHOLESALE MARKETS.

#### §25.505. Reporting Requirements and the Scarcity Pricing Mechanism in the Electric Reliability Council of Texas Power Region.

- (a) **General.** The purpose of this section is to prescribe reporting requirements for the Electric Reliability Council of Texas (ERCOT) and market participants, and to establish a scarcity pricing mechanism for the ERCOT market.
- (b) **Definitions.** The following terms, when used in this section, have the following meanings, unless the context indicates otherwise:
- (1) **Generation entity** -- an entity that owns or controls a generation resource.
  - (2) **Load entity** -- an entity that owns or controls a load resource. A load resource is a load capable of providing ancillary service to the ERCOT system or energy in the form of demand response and is registered with ERCOT as a load resource.
  - (3) **Resource entity** -- an entity that is a generation entity or a load entity.
- (c) **Resource adequacy reports.** ERCOT must publish a resource adequacy report by December 31 of each year that projects, for at least the next five years, the capability of existing and planned electric generation resources and load resources to reliably meet the projected system demand in the ERCOT power region. ERCOT may publish other resource adequacy reports or forecasts as it deems appropriate. ERCOT must prescribe requirements for generation entities and transmission service providers (TSPs) to report their plans for adding new facilities, upgrading existing facilities, and mothballing or retiring existing facilities. ERCOT also must prescribe requirements for load entities to report their plans for adding new load resources or retiring existing load resources.
- (d) **Daily assessment of system adequacy.** Each day, ERCOT must publish a report that includes the following information for each hour for the seven days beginning with the day the report is published:
- (1) System-wide load forecast; and
  - (2) Aggregated information on the availability of resources, by ERCOT load zone, including load resources.
- (e) **Filing of resource and transmission information with ERCOT.** ERCOT must prescribe reporting requirements for resource entities and TSPs for the preparation of the assessment required by subsection (d) of this section. At a minimum, the following information must be reported to ERCOT:
- (1) TSPs will provide ERCOT with information on planned and existing transmission outages.
  - (2) Generation entities will provide ERCOT with information on planned and existing generation outages.
  - (3) Load entities will provide ERCOT with information on planned and existing availability of load resources, specified by type of ancillary service.
  - (4) Generation entities will provide ERCOT with a complete list of generation resource availability and performance capabilities, including, but not limited to:
    - (A) the net dependable capability of generation resources;
    - (B) projected output of non-dispatchable resources such as wind turbines, run-of-the-river hydro, and solar power; and
    - (C) output limitations on generation resources that result from fuel or environmental restrictions.
  - (5) Load serving entities (LSEs) will provide ERCOT with complete information on load response capabilities that are self-arranged or pursuant to bilateral agreements between LSEs and their customers.

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- (f) **Publication of resource and load information in ERCOT markets.** To increase the transparency of the ERCOT-administered markets, ERCOT must post the information required in this subsection at a publicly accessible location on its website. In no event will ERCOT disclose competitively sensitive consumption data. The information released must be made available to all market participants.
- (1) ERCOT will post the following information in aggregated form, for each settlement interval and for each area where available, two calendar days after the day for which the information is accumulated:
- (A) Quantities and prices of offers for energy and each type of ancillary capacity service, in the form of supply curves;
  - (B) Self-arranged energy and ancillary capacity services, for each type of service;
  - (C) Actual resource output;
  - (D) Load and resource output for all entities that dynamically schedule their resources;
  - (E) Actual load; and
  - (F) Energy bid curves, cleared energy bids, and cleared load.
- (2) ERCOT will post the following information in entity-specific form, for each settlement interval, 60 calendar days after the day for which the information is accumulated, except where inapplicable or otherwise prescribed. Resource-specific offer information must be linked to the name of the resource (or identified as a virtual offer), the name of the entity submitting the information, and the name of the entity controlling the resource. If there are multiple offers for the resource, ERCOT must post the specified information for each offer for the resource, including the name of the entity submitting the offer and the name of the entity controlling the resource. ERCOT will use §25.502(d) of this title (relating to Pricing Safeguards in Markets Operated by the Electric Reliability Council of Texas) to determine the control of a resource and must include this information in its market operations data system.
- (A) Offer curves (prices and quantities) for each type of ancillary service and for energy in the real time market, except that, for the highest-priced offer selected or dispatched for each interval on an ERCOT-wide basis, ERCOT will post the offer price and the name of the entity submitting the offer three calendar days after the day for which the information is accumulated.
  - (B) If the clearing prices for energy or any ancillary service exceeds a calculated value that is equal to 50 times a natural gas price index selected by ERCOT for each operating day, expressed in dollars per megawatt-hour (MWh) or dollars per megawatt per hour, during any interval, the portion of every market participant's price-quantity offer pairs for balancing energy service and each other ancillary service that is at or above a calculated value that is equal to 50 times a natural gas price index selected by ERCOT for each operating day, expressed in dollars per megawatt-hour (MWh) or dollars per megawatt per hour, for that service and that interval must be posted seven calendar days after the day for which the offer is submitted.
  - (C) Other resource-specific information, as well as self-arranged energy and ancillary capacity services, and actual resource output, for each type of service and for each resource at each settlement point;
  - (D) The load and generation resource output, for each entity that dynamically schedules its resources; and
  - (E) For each hour, transmission flows, voltages, transformer flows, voltages and tap positions (i.e., State Estimator data). Notwithstanding the provisions of this subparagraph and the provisions of subparagraphs (A) through (D) of this paragraph, ERCOT must release relevant State Estimator data earlier than 60 days after the day for which the information is accumulated if, in its sole discretion, it determines the release is necessary to provide a complete and timely explanation and analysis of

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unexpected market operations and results or system events, including but not limited to pricing anomalies, recurring transmission congestion, and system disturbances. ERCOT's release of data in this event must be limited to intervals associated with the unexpected market or system event as determined by ERCOT. The data released must be made available simultaneously to all market participants.

- (g) **Scarcity pricing mechanism (SPM).** ERCOT will administer the SPM. The SPM will operate as follows:
- (1) The SPM will operate on a calendar year basis.
  - (2) For each day, the peaking operating cost (POC) will be 10 times the natural gas price index value determined by ERCOT. The POC is calculated in dollars per megawatt-hour (MWh).
  - (3) For the purpose of this section, the real-time energy price (RTEP) will be measured as an average system-wide price as determined by ERCOT.
  - (4) Beginning January 1 of each calendar year, the peaker net margin will be calculated as:  $\sum((RTEP - POC) * (\text{number of minutes in a settlement interval} / 60 \text{ minutes per hour}))$  for each settlement interval when  $RTEP - POC > 0$ .
  - (5) Each day, ERCOT will post at a publicly accessible location on its website the updated value of the peaker net margin, in dollars per megawatt (MW).
  - (6) **System-Wide Offer Caps.**
    - (A) The low system-wide offer cap (LCAP) will be set on a daily basis at the greater of:
      - (i) \$2,000 per MWh and \$2,000 per MW per hour; or
      - (ii) 50 times the natural gas price index value determined by ERCOT, expressed in dollars per MWh and dollars per MW per hour.
    - (B) The high system-wide offer cap (HCAP) will be \$9,000 per MWh and \$9,000 per MW per hour.
    - (C) The system-wide offer cap will be set equal to the HCAP at the beginning of each calendar year and maintained at this level until the peaker net margin during a calendar year exceeds a threshold of three times the cost of new entry of new generation plants.
    - (D) If the peaker net margin exceeds the threshold established in subparagraph (C) of this paragraph during a calendar year, the system-wide offer cap will be set to the LCAP for the remainder of that calendar year. In this event, ERCOT will continue to apply the operating reserve demand curve and the reliability deployment price adder for the remainder of that calendar year. Energy prices, exclusive of congestion prices, will not exceed the LCAP plus \$1 for the remainder of that calendar year.
    - (E) The value of the lost load will be equal to the value of the system-wide offer cap in effect.
- (h) **Development and implementation.** ERCOT must use a stakeholder process to develop and implement rules that comply with this section. Nothing in this section prevents the commission from taking actions necessary to protect the public interest, including actions that are otherwise inconsistent with the other provisions in this section.