

ERCOT Houston (LMP-EEI) Delivery Point Definition

Version 1.0

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For those Transactions in which the Electric Reliability Council of Texas (“ERCOT”) Houston Congestion Zone has been specified as the Delivery Point, if after the Trade Date there is a redrafting of such Congestion Zone’s boundaries or if ERCOT implements a congestion management system that includes locational marginal pricing (“LMP”), then the Delivery Point shall be determined as follows:

1. In the event that the annual ERCOT CSC determination process results in a redrafting of the Houston Congestion Zone boundaries, then the Delivery Point shall be the Congestion Zone in which the greater of: (a) a majority or (b) a plurality of the 345kV Houston [2006] Congestion Zone Transmission Buses reside. If none of the new ERCOT CSC Congestion Zones include a majority or plurality of the 345 kV [2006] Houston Congestion Zone Transmission Buses and ERCOT has not adopted a congestion management system that includes LMP, the Delivery Point shall be the ERCOT CSC Congestion Zone that includes the WA Parish 345 kV bus.
2. In the event that ERCOT implements a congestion management system that includes LMP, then the Delivery Point shall be the Trading Hub which has the highest “Concentration” of 345 kV buses from the original Houston Congestion Zone per the following formula:

For each Trading Hub, the “Concentration” shall be equal to: (a) the number of 345 kV buses common to both the applicable Trading Hub and the original Houston Congestion Zone divided by (b) the total number of 345 kV buses in such Trading Hub.

“Houston [2006] Congestion Zone Transmission Buses” means all 345 kV buses designated “Houston” in the ERCOT [2006] congestion management model.

Terms used herein which are not defined shall have the meaning ascribed to them in the ERCOT Protocols, as amended from time to time. The intent and understanding among the Parties is that ERCOT will continue to recognize bilateral transactions for settlement purposes during the Delivery Period. To the extent that ERCOT imposes a market redesign that does not settle bilateral transactions, then the Parties agree to promptly work together in good faith to reform the delivery terms of this Transaction to restore the original intent of the Parties as contemplated in the ERCOT Protocols in effect as of the Trade Date.

(For the avoidance of doubt, the term “[2006]” as used above is meant to indicate the year in which the Trade Date occurred for purposes of determining the applicable version of the Houston Congestion Zone. For trades occurring after 2006, this term should be adjusted so that it corresponds to the year in which the Trade Date occurs.)