

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS

Subchapter I. TRANSMISSION AND DISTRIBUTION.

DIVISION 1. OPEN-ACCESS COMPARABLE TRANSMISSION SERVICE FOR ELECTRIC UTILITIES IN THE ELECTRIC RELIABILITY COUNCIL OF TEXAS.

§25.193. Distribution Service Provider Transmission Cost Recovery Factor (TCRF).

- (a) **Application.** The provisions of this section apply to all investor-owned distribution service providers (DSPs) providing distribution service within the Electric Reliability Council of Texas (ERCOT) region to retail electric providers and other customers of the distribution system.
- (b) **TCRF authorized.**
- (1) A DSP subject to this section that is billed for transmission service by a transmission service provider (TSP) pursuant to §25.192 of this title (relating to Transmission Service Rates) shall be allowed to include within its tariff a TCRF clause that authorizes the DSP to charge or credit its customers for the amount of wholesale transmission cost changes approved or allowed by the commission to the extent that such costs vary from the transmission service cost utilized to fix the base rates of the DSP. The DSP shall update its TCRF twice per year on March 1 and September 1 to pass through the wholesale transmission cost changes billed by a TSP. For the March 1 update, the DSP shall file a request to update its TCRF no later than December 1; and for the September 1 update, no later than June 1. Within 45 days after a DSP files a request to update its TCRF, the commission shall issue an order establishing the amount of the revised TCRF and suspend the effective date of the revised TCRF as necessary so that the new TCRF charges will take effect on March 1 or September 1, as applicable.
- (2) A DSP shall include in its TCRF update calculation:
- (A) the cost of wholesale transmission cost changes approved or allowed by the commission to the extent that such costs vary from the transmission service cost utilized to fix the rates of the DSP; and
- (B) an adjustment amount, which shall equal:
- (i) the actual costs paid by the DSP during the review period to TSPs as a result of increases in the TSPs' wholesale transmission rates above the wholesale transmission rates of the TSPs used to develop the retail transmission charges of the DSP in the DSP's last rate case; minus
- (ii) the revenues recovered through the DSP's TCRF minus the portion of the adjustments approved by the commission in the DSP's most recent two TCRF filings that were in effect during the review period.
- (iii) For a March 1 TCRF update, the adjustment shall reflect the six-month period beginning with the preceding May 1 and continuing through October 31 (review period); for a September 1 update, the adjustment shall reflect the six-month period beginning with the preceding November 1 and continuing through April 30 (review period). In no event shall a DSP's TCRF clause result in the DSP recovering more than its actual cost of wholesale transmission service included in the TCRF.

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS

Subchapter I. TRANSMISSION AND DISTRIBUTION.

DIVISION 1. OPEN-ACCESS COMPARABLE TRANSMISSION SERVICE FOR ELECTRIC UTILITIES IN THE ELECTRIC RELIABILITY COUNCIL OF TEXAS.

(c) **TCRF Formula.** The TCRF for each class shall be computed pursuant to the following formula:

$\frac{\{[\sum_{i=1}^N (NWTR_i * NL_i) - \sum_{i=1}^N (BWTR_i * NL_i)] * 1/2 * ALLOC\} + ADJ}{BD}$	
Where:	NWTR _i is the new wholesale transmission rate of a TSP, approved by the commission by order or pursuant to commission rules, since the DSP's last rate case;
	BWTR _i is the base wholesale transmission rate of the TSP represented in the NWTR _i , used to develop the retail transmission charges of the DSP in the DSP's last rate case;
	NL _i is the DSP's individual 4CP load component of the total ERCOT 4CP load information used to develop the NWTR _i ;
	<p>Where:</p> $ADJ = \sum_{p=1}^6 \{EXP_p - (REV_p - ADJP1_p - ADJP2_p)\}$ <p>ADJ = adjustment to Rate Class TCRF; EXP_p = transmission expenses not included in base rates for period p; REV_p = TCRF revenue for period p; ADJP1_p = 1/6th of ADJ calculated in the previous TCRF update for the periods 5 and 6; ADJP2_p = 1/6th of ADJ calculated in second previous TCRF update for the periods 1 through 4;</p>
ALLOC is the class allocator approved by the commission to allocate the transmission revenue requirement among classes in the DSP's last rate case, unless otherwise ordered by the commission; and,	
BD is each class's billing determinant (kilowatt-hour (kWh), or kilowatt (kW), or kilovolt-ampere (kVa)) for the previous March 1 through August 31 period for the March 1 TCRF update, and for the previous September 1 through February 28 period for the September 1 TCRF update.	

(d) **TCRF charges.** A DSP's TCRF charge shall remain in effect until adjusted under this section or until the DSP's delivery rates change pursuant to a commission order in a rate proceeding.

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS

Subchapter I. TRANSMISSION AND DISTRIBUTION.

DIVISION 1. OPEN-ACCESS COMPARABLE TRANSMISSION SERVICE FOR ELECTRIC UTILITIES IN THE ELECTRIC RELIABILITY COUNCIL OF TEXAS.

- (e) **Reports.** The DSP shall maintain and provide to the commission semi-annual reports containing all information required to monitor the costs recovered through the TCRF clause. This information includes, but is not limited to, the total estimated TCRF cost for each month, the actual TCRF cost on a cumulative basis, the amount of transmission costs included in base rates, total revenues resulting from the TCRF, and the calculation of the amount to be recovered under subsection (b)(2) of this section. The reports shall be filed by March 31 and September 30 of each year.