



Proposed 2012 Methodology for Determining Ancillary Service Requirements

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Board of Directors Meeting

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- **During discussions at PUCT and Reliability Deployment Task Force (RDTF) meetings, it was proposed that ERCOT reduce the amount of Non-Spinning Reserve Service (NSRS) that is required by 500 MW and increase the amount of Responsive Reserve Service (RRS) that is required by 500 MW**
 - This is intended to help alleviate the potentially negative effects of reliability deployments on energy prices in the real-time market
- **In response to that proposal, an updated version of the *ERCOT Methodologies for Determining Ancillary Service Requirements* document has been drafted to accomplish that 500 MW transfer between services**

- **The changes to RRS are summarized as:**
 - The minimum RRS requirement will change from 2300 MW to 2800 MW
 - The RRS requirement will no longer consider the forecasted Reserve Discount Factor (RDF)
- **Load Resources which are not Controllable Load Resources will continue to be allowed to provide up to 50% of the RRS requirement (1400 MW)**

- **The changes to NSRS are summarized as:**
 - The NSRS calculation:

Base NSRS Req. = 95th Percentile of Net-Load Forecast Error – Avg. Reg. Up Req.

becomes

Base NSRS Req. = 95th Percentile of Net-Load Forecast Error – Avg. Reg. Up Req. – 500MW of RRS

- The cap for NSRS will decrease from 2000 MW to 1500 MW
- The floor for NSRS during on-peak hours (7-22) will now be equal to the single largest unit in ERCOT minus 500 MW (875 MW)

- **The proposed methodology changes were discussed at the February 2, 2012 Technical Advisory Committee (TAC) meeting**
- **The TAC voted unanimously at the February meeting to endorse the methodology as presented by ERCOT**
- **ERCOT staff respectfully recommends that the Board approve the proposed changes to the methodology with an effective date of April 1, 2012, and reaffirm the unchanged sections until the next revision or as otherwise required**