**ERCOT’S RESPONSES ARE SHOWN IN BLUE TEXT AFTER EACH QUESTION.**



TESA Comments on FRRS Governing Document

The Texas Energy Storage Alliance (TESA) appreciates the time and effort that has been put into crafting the Governing Document for the Fast Responding Regulation Service (FRRS) pilot. Fast responding resources will improve the efficiency and reliability of the grid by providing new, useful capabilities for ERCOT to operate the grid in a more effective, efficient and flexible manner. TESA supports ERCOT’s assertion that this faster-responding regulation service has the potential to increase the reliability of the ERCOT system at a lower total cost to Load as compared to the sole use of conventional Regulation Service. In order to maximize the value of this pilot, TESA urges ERCOT to conduct the pilot in a manner that takes advantage of the unique characteristics of advanced energy storage and utilizes energy storage to its full potential. TESA offers the comments below on certain sections of the Governing Document.

Project Timeline

While there is interest in participation by TESA members, the dates laid out in the Project Timeline are too aggressive for any of our members. With anticipated Board approval on September 18, a resource of this nature is unlikely to be prepared, qualified, and ready to notify ERCOT of its availability by October 24 (in order to provide service on the proposed November 1start date). TESA proposes a start date during the week of January 7 in order to ensure adequate resources for a meaningful pilot. This date would require resources to notify ERCOT of availability the week prior. For resources still needing to submit a RARF, even this date may not be feasible.

ERCOT agrees that the start date should be pushed back.

Deployment Logic

In the deployment logic laid out on page 5, ERCOT proposes deployment of resources to be “all or nothing”. While this may be appropriate in some circumstances, TESA encourages ERCOT to consider using more discretion in the deployment latitude. Specifically, in order to maximize the value of fast resources, ERCOT could vary the amount of FRRS deployed depending on the frequency, starting with lower amounts and increasing as needed. This approach would allow ERCOT to experience the flexibility and speed of these resources which will be valuable in determining the best use of these resources on a more permanent basis.

We will consider a proportional response deployment during the pilot.

TESA recognizes that ERCOT retains the discretion to test a variety of deployment approaches to better understand the capabilities or applications of FRRS Resources or to optimize deployments of FRRS. TESA supports ERCOT’s flexibility in working with these Resources and encourages ERCOT to consider the partial deployments described above. However, TESA is concerned that the notice provision of “no later than the day before the deadline for each QSE to provide notification of available Resource capacity for the following week” may not be sufficient notice for modification of the deployment logic. We request that ERCOT give at least seven days notice of a change of any system parameter changes to the FRRS deployment logic.

ERCOT will try to give as much advance notice as possible, but seven days may not be practicable in all cases. While later notice may impact participation for the upcoming week, ERCOT prefers not to handicap its ability to make minor changes up to the day before submissions would be due.

TESA also suggests that ERCOT provide a mechanism for QSEs of FRRS resources to inform ERCOT if there are changes to the capacity availability of the FRRS resources due to system conditions or unforeseen outages.

Participating Generation Resources or Controllable Load Resources may schedule outages as provided by the Protocols.

Additionally, TESA is concerned that certain parameter changes, such as duration of the deployment, may render some Resources unable to continue participation in the pilot.

ERCOT will try to understand the capabilities of its participating Resources to accommodate a given program change. However, it remains a possibility that not all participating Resources will be capable of participating each week.

Settlement

TESA supports ERCOT’s proposal that FRRS Resources will be paid the clearing price for Regulation Service applicable to each Operating Hour for which the FRRS Resource is awarded, multiplied by the amount of the Resources’ capacity award during that Operating Hour. However, we request clarification that energy storage resources will be settled pursuant to PUC Rule 25.501. Although the rule has been approved by the Commission for several months now, implementation of the rule via NPRR 461 is still pending and it is unlikely to be finally approved by the Board in time for this pilot. The settlement method approved by the Commission is essential for energy storage resources’ participation in the ERCOT market. There are a variety of methods that can be used to implement the rule in advance of the protocol change needed, and TESA will work with ERCOT to comply with the rule until the change is officially made.

ERCOT cannot authorize any settlement practice that isn’t authorized by the Protocols for matters that do not fall within the scope of this pilot.

Construction and Performance Obligations

While the Governing Document does not specify which protocols participants will be exempt from, it does provide that participants will not be required to comply with any requirement relative to Ancillary Services in the Protocols, Operating Guides, or any other ERCOT standard except as expressly stated herein. TESA requests clarification regarding the application of certain test and performance standards that generally apply to Generation Resources. TESA contends that the existing HSL test is inappropriate for fast, limited duration resources. Pending NPRR 340 addresses this issue. Additionally, it is unclear whether participants will be subject to GREDP or Base Point Deviation charges.

Generation Resources will be subject to GREDP and all Resources are subject to BPDC; however those charges are based on SCED and LFC instructions, not FRRS instructions. ERCOT has addressed these eventualities in the Governing Document.

TESA requests that participants be exempt from these requirements as the compliance metrics proposed in the FRRS Governing Document for fast responding resources are more than adequate to assess performance. Therefore, TESA requests clarification that the performance and qualification criteria laid out in the Governing Document are the only criteria that applies to these Resources for purposes of the pilot.

ERCOT cannot exempt FRRS Resources if they are participating in SCED and LFC. If they’re not participating in SCED or LFC, they won’t be impacted.