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| Key Topic Concept (KTC) Number | 3 | KTC Title | ESR Dispatch, Pricing and Mitigation |
| Date Posted | | November 5, 2019 | |
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| Executive Summary | | This KTC recommends how Energy Storage Resources (ESRs) shall be priced, dispatched and mitigated. | |
| Recommendation Description | | ESRs shall be dispatched by Security-Constrained Economic Dispatch (SCED) using nodal shift-factors and settled using nodal pricing both when charging and discharging.  Additionally, the Mitigated Offer Cap (MOC) for ESRs is recommended to be set at the System Wide Offer Cap (SWCAP). ERCOT and stakeholders shall provide a report to TAC by Dec. 31, 2023, that includes a recommendation to continue the current approach or a proposal to implement an alternative approach. | |
| BESTF Discussion | | These issues received some discussion at the Wholesale Market Working Group meeting on 9/16/19.  On 10/18/19, the BESTF discussed the concepts as presented in Power Point presentations.  On 11/4/19, the BESTF reached consensus on KTC 3 items 1, 2 and 3. ERCOT staff presented information about charging restrictions during emergency conditions (item 4 of this KTC document). | |
| TAC Action Requested | | BESTF plans to request at the 11/20/19 TAC meeting a vote to approve KTC 3 items 1, 2 and 3. | |
| TAC Action Summary | |  | |

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| Proposed KTC Recommendation Language |

# *Key Topic/Concept recommendation Language for TAC Approval*

11/20/19 TAC Meeting (Consensus from 11/4/19 BESTF meeting):

1. ESRs shall be settled using a SCED length-weighted and base point-weighted nodal price whether discharging (injecting) or charging (withdrawing).
2. ESRs shall be dispatched by SCED for both charging and discharging.
3. ESRs shall be dispatched by SCED on its nodal shift factor whether charging or discharging.
4. The MOC for ESRs will be set at the SWCAP. No later than December 31, 2023, ERCOT and stakeholders shall provide a report to TAC that includes a recommendation to continue the current approach or a proposal to implement an alternative approach. ERCOT will provide periodic reporting to Congestion Management Working Group (CMWG) and the Independent Market Monitor (IMM) will monitor.

# *Key Topic/Concept recommendation Language Previously approved by tac*

None.

# *Key Topic/Concept recommendation Language IN DISCUSSION AT BESTF*

1. (Item 4) Charging restrictions during emergency conditions (Note PUCT rule on charging during emergencies.)

# *Future Decision Points and Issues for Developing Key topic/Concept recommendation Language*

None.

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| Applicable Protocol Section(s) |  |
| Impacted System(s) / Application(s) |  |