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| NPRR Number | [1087](http://www.ercot.com/mktrules/issues/NPRR1087) | NPRR Title | Prohibit Participation of Critical Loads and Generation Resource Support Loads as Load Resources or ERS Resources |
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| Date | | July 29, 2021 | |
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| Submitter’s Information | | | |
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| Market Segment | | Independent Retail Electric Provider (IREP) | |

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| Comments |

Enchanted Rock recommends that the Protocol language be revised to allow “Critical Load” and “Generation Resource Support Load” facilities to participate as Emergency Response Service (ERS) Resources if they have deployed an on-site generation solution.

It is clear from recent legislation (SB3) that policymakers are interested in ensuring (i) the market provides adequate incentives for dispatchable generation (Section 14) and (ii) critical facilities do more to prepare for emergency situations and grid outages, including weatherization and the deployment of backup generation (Section 26). However, Nodal Protocol Revision Request (NPRR) 1087 as currently drafted works against these twin goals. The blanket prohibition for “Critical Load” and “Generation Resource Support Load” facilities will reduce economic incentives for the facilities to invest in resilient, on-site generation solutions and instead result in greater reliance on utility critical load designation, exacerbating problems the utilities faced in managing rotating outages during the recent winter storm. This same on-site generation provides ERCOT much needed additional flexible generation/load.

It is not necessary to foreclose the option for sites with backup generation to provide ERS if they are committed to providing continuous operational support for Critical Load or Generation Resource Support Load, as there is no conflict or overlap between the services they provide to the ERCOT System for ERS when the facility is still running in parallel with the grid and when they provide backup power to the local load when experiencing a grid outage. Indeed, the access to ERS revenues can materially support the economics of providing such backup generation.

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| Revised Cover Page Language |

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| NPRR Number | [1087](http://www.ercot.com/mktrules/issues/NPRR1087) | NPRR Title | Limit Participation of Critical Loads and Generation Resource Support Loads as Load Resources or ERS Resources |
| Revision Description | | This NPRR defines “Critical Load” and “Generation Resource Support Load” and adds language in Section 3.6.1 to prohibit the registration and participation of such Loads as Load Resources or ERS Resources, unless such Loads have deployed on-site generation to meet ERCOT program requirements.  “Critical Load” is defined in this NPRR as a Customer site for which electric service is considered crucial for the protection or maintenance of public health and safety, including but not limited to any hospital, police station, fire station, critical water or wastewater facility, and any Customer with special in-house life-sustaining equipment, or any Customer that is designated as, or that has applied to be designated as, a Critical Load Public Safety Customer, Critical Load Industrial Customer, Chronic Condition Residential Customer, or Critical Care Residential Customer pursuant to P.U.C. Subst. R. 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers. “Generation Resource Support Load” is defined as a Customer site that requires electric service to support natural gas production (including saltwater disposal), processing, storage, or transportation (such as a natural gas compressor station, gas control center, or other pipeline transportation infrastructure).  The revisions proposed in this NPRR also require any Resource Entity that owns or controls a currently registered Load Resource to submit an attestation that the Load Resource is not, and does not include, a Critical Load or Generation Resource Support Load, unless such Load has deployed on-site generation to meet ERCOT program requirements. If a Resource Entity cannot provide this attestation for any currently registered Load Resource after a reasonable submission period, the Load Resource will not be permitted to submit any offer to provide Ancillary Services. Similarly, any Resource Entity seeking to register a new Load Resource will also be required to attest, as a condition of registration, that the Load Resource is not, and does not include, either a Critical Load or a Generation Resource Support Load, unless such Load has deployed on-site generation to meet ERCOT program requirements. This NPRR also requires a QSE representing an ERS Resource to attest that the ERS Resource is not, and does not include, a Critical Load or a Generation Resource Support Load, unless such Load has deployed on-site generation to meet ERCOT program requirements. | |
| Business Case | | Load Resources and ERS Resources play an indispensable role in ensuring system security during Emergency Conditions. However, when a Load Resource or ERS Resource also serves a critical industrial or public safety function, the deployment of that Load Resource or ERS Resource can have other severe consequences, if those Resources do not have on-site generation available to ensure continuous operation of critical Facilities. For example, curtailing Loads that support the natural gas supply chain for generators can negatively impact the availability of gas-fired generation during a system emergency. To avoid these impacts, this NPRR explicitly requires that any Resource Entity representing a Load Resource and any QSE representing an ERS Resource must ensure that the Load Resource or ERS Resource does not include a “Critical Load” or a “Generation Resource Support Load”, unless such Load has deployed on-site generation to meet ERCOT program requirements  This NPRR is consistent with subsection (g)(3) of P.U.C. Subst. R. 25.503, Oversight of Wholesale Market Participants, which mandates that a “market participant must not offer reliability products to the market that cannot or will not be provided if selected.” | |

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| Revised Proposed Protocol Language |

## 2.1 DEFINITIONS

**Critical Load**

A Customer site for which electric service is considered crucial for the protection or maintenance of public health and safety, including but not limited to any hospital, police station, fire station, critical water or wastewater facility, and any Customer with special in-house life-sustaining equipment, or any Customer that is designated as, or that has applied to be designated as, a Critical Load Public Safety Customer, Critical Load Industrial Customer, Chronic Condition Residential Customer, or Critical Care Residential Customer pursuant to P.U.C. Subst. R. 25.497, Critical Load Industrial Customers, Critical Load Public Safety Customers, Critical Care Residential Customers, and Chronic Condition Residential Customers.

**Generation Resource Support Load**

A Customer site that requires electric service to support natural gas production (including saltwater disposal), processing, storage, or transportation (such as a natural gas compressor station, gas control center, or other pipeline transportation infrastructure).

***3.6.1 Load Resource Participation***

(1) A Load Resource may participate by providing:

(a) Ancillary Service:

(i) Regulation Up (Reg-Up) Service as a Controllable Load Resource capable of providing Primary Frequency Response;

(ii) Regulation Down (Reg-Down) Service as a Controllable Load Resource capable of providing Primary Frequency Response;

(iii) Responsive Reserve (RRS) as a Controllable Load Resource qualified for Security-Constrained Economic Dispatch (SCED) Dispatch and capable of providing Primary Frequency Response, or as a Load Resource controlled by high-set under-frequency relay; and

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| ***[NPRR863: Insert paragraph (iv) below upon system implementation and renumber accordingly:]***  (iv) ERCOT Contingency Reserve Service (ECRS) as a Controllable Load Resource qualified for SCED Dispatch and capable of providing Primary Frequency Response, or as a Load Resource that may or may not be controlled by high-set under-frequency relay; and |

(iv) Non-Spinning Reserve (Non-Spin) Service as a Controllable Load Resource qualified for SCED Dispatch;

(b) Energy in the form of Demand response from a Controllable Load Resource in Real-Time via SCED;

(c) Emergency Response Service (ERS) for hours in which the Load Resource does not have an Ancillary Service Resource Responsibility; and

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| ***[NPRR1007: Replace paragraph (c) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***  (c) Emergency Response Service (ERS) for hours in which the Load Resource has a Resource Status of OUTL; and |

(d) Voluntary Load response in Real-Time.

(2) Except for voluntary Load response and ERS, loads participating in any ERCOT market must be registered as a Load Resource and are subject to qualification testing administered by ERCOT.

(3) All ERCOT Settlements resulting from Load Resource participation are made only with the Qualified Scheduling Entity (QSE) representing the Load Resource.

(4) A QSE representing a Load Resource and submitting a bid to buy for participation in SCED, as described in Section 6.4.3.1, RTM Energy Bids, must represent the Load Serving Entity (LSE) serving the Load of the Load Resource. If the Load Resource is an Aggregate Load Resource (ALR), the QSE must represent the LSE serving the Load of all sites within the ALR.

(5) The Settlement Point for a Controllable Load Resource is its Load Zone Settlement Point. For an Energy Storage Resource (ESR), the Settlement Point for the charging Load withdrawn by the modeled Controllable Load Resource associated with the ESR is the Resource Node of the modeled Generation Resource associated with the ESR.

(6) QSEs shall not submit offers for Load Resources containing sites associated with a Dynamically Scheduled Resource (DSR).

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| ***[NPRR1000: Delete paragraph (6) above upon system implementation.]*** |

(7) Each Resource Entity that represents one or more Load Resources shall ensure that each Load Resource it represents is not, and does not include, a Critical Load or Generation Resource Support Load. As a condition of obtaining and maintaining registration as a Load Resource, the Resource Entity for the Load Resource must have submitted an attestation, in a form deemed acceptable by ERCOT, that the Load Resource is not, and does not include, a Critical Load or Generation Resource Support Load.

(8) Each QSE that represents one or more ERS Resources shall ensure that each ERS Resource identified in any ERS Submission Form submitted by the QSE is not, and does not include, a Critical Load or Generation Resource Support Load.

(9) Notwithstanding requirements in paragraphs (7) and (8) above, Load Resources and ERS Resources may continue to include Critical Load or Generation Resource Support Load if that Load is supported by adequate on-site generation to meet ERS program requirements while maintaining continuous operation.

3.14.3.1 Emergency Response Service Procurement

(1) ERCOT shall issue Requests for Proposals to procure ERS for each Standard Contract Term. The ERS Standard Contract Terms are as follows:

(a) February through May;

(b) June through September; and

(c) October through January.

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| ***[NPRR984: Replace paragraph (1) above with the following on October 1, 2021 and upon system implementation:]***  (1) ERCOT shall issue Requests for Proposals to procure ERS for each Standard Contract Term. The ERS Standard Contract Terms are as follows:  (a) December through March;  (b) April and May;  (c) June through September; and  (d) October and November. |

(2) ERCOT shall procure ERS from one or more of the four following ERS service types:

(a) Weather-Sensitive ERS-10

(b) Non-Weather-Sensitive ERS-10

(c) Weather-Sensitive ERS-30

(d) Non-Weather-Sensitive ERS-30

(3) ERS offers shall be submitted only by QSEs capable of receiving both Extensible Markup Language (XML) messaging and Verbal Dispatch Instructions (VDIs) on behalf of represented ERS Resources.

(4) Each site in an ERS Generator must have an interconnection agreement with its Transmission and/or Distribution Service Provider (TDSP) prior to submitting an ERS offer and must have exported energy to the ERCOT System prior to the offer due date. An ERS Resource that cannot inject energy to the ERCOT System can only be offered as an ERS Load.

(5) In order to qualify as weather-sensitive, an ERS Load must meet one of the following criteria:

(a) The ERS Load must consist exclusively of residential sites; or

(b) The ERS Load must consist exclusively of non-residential sites and must qualify as weather-sensitive based on the accuracy of the regression baseline evaluation methodology as described in Section 8.1.3.1.1, Baselines for Emergency Response Service Loads, as an indicator of actual interval Load.

(i) ERCOT shall establish minimum accuracy standards for qualification as an ERS Load under the regression baseline evaluation methodology.

(ii) An ERS Load must have at least nine months of interval meter data to qualify as weather-sensitive under the regression baseline evaluation methodology.

(iii) ERCOT’s determination that an ERS Load qualifies as a weather-sensitive ERS Load is independent of ERCOT’s determination of which baseline methodologies may be appropriate for purposes of evaluating the ERS Load’s performance.

(c) If a site with Distributed Renewable Generation (DRG) has been designated by the QSE to be evaluated by using its native load, the default baseline analysis shall be performed using the calculated native load.

(6) QSEs representing ERS Resources may submit offers for one or more ERS Time Periods within an ERS Standard Contract Term. ERS Time Periods shall be defined by ERCOT in the Request for Proposal for that ERS Standard Contract Term. An ERS offer is specific to an ERS Time Period. In submitting an offer, both the QSE and the ERS Resource are committing to provide ERS for that ERS Time Period if selected.

(7) A QSE may submit separate offers for an ERS Resource to provide any or all of the four ERS service types during the same or different ERS Time Periods in the same ERS Standard Contract Term, but ERCOT shall only award offers for one service type for each ERS Resource.

(8) The minimum capacity offer for an ERS Load on the weather sensitive baseline is one half (0.5) MW; all other ERS capacity offers will have a minimum amount that may be offered of one-tenth (0.1) MW. ERS Resources may be aggregated to reach this requirement.

(9) Offers from ERS Generators must include self-serve capacity and injection capacity amounts greater than or equal to zero for each ERS Time Period offered.

(10) ERCOT may establish an upper limit, in MWs, on the amount of ERS capacity it will procure for any ERS Time Period in any ERS Standard Contract Term.

(11) A QSE’s offer to provide ERS shall include:

(a) The name of the QSE representing the ERS Resource and the name of an individual authorized by the QSE to represent the QSE and its ERS Resource(s);

(b) The name of an Entity that controls the ERS Resource, and an affirmation that the QSE has obtained written authorization from the Entity to submit ERS offers on its behalf and to represent the Entity in all matters before ERCOT concerning the Entity’s provision of ERS;

(c) Any information or data specified by ERCOT, including access to historical meter data, and affirmation by the QSE that it has obtained written authorization from the controlling Entity of the ERS Resource for the QSE to obtain such data;

(d) Affirmation that the controlling Entity of the ERS Resource has reviewed P.U.C. Subst. R. 25.507, Electric Reliability Council of Texas (ERCOT) Emergency Response Service (ERS), these Protocols and Other Binding Documents relating to the provision of ERS, and has agreed to comply with and be bound by such provisions;

(e) An agreement by the QSE to produce any written authorization or agreement between the QSE and any ERS Resource it represents, as described in this Section, upon request from ERCOT or the PUCT;

(f) Affirmation that no offered capacity from any site in an ERS Resource has been or will be committed to provide any other product, service, or program during any of the hours in the ERS Time Period in the Standard Contract Term for which the offer is submitted.  Such prohibited products, services, or programs include, but are not limited to, Ancillary Services, Security-Constrained Economic Dispatch (SCED), or TDSP standard offer programs. As an exception to the foregoing, a QSE may offer a site to provide ERS for an ERS Time Period in the Standard Contract Term even if the QSE has an offer pending for that same site to serve as an MRA during that ERS Time Period and Standard Contract Term; however, if the site is selected to serve as an MRA it will not be permitted to serve as ERS during any ERS Time Period in the ERS Contract Term in which it is obligated to serve as an MRA;

(g) Affirmation that the QSE and the controlling Entity the ERS Resource are familiar with any applicable federal, state or local environmental regulations that apply to the use of any generator in the provision of ERS, and that the use of such generator(s) to provide of ERS would not violate those regulations. This provision applies to both ERS Generators and to the use of backup generation by ERS Loads; and

(h) Affirmation that no offered ERS Resource is or includes a Critical Load or a Generation Resource Support Load. Alternatively, the ERS Resource may provide affirmation that included Critical Load or Generation Resource Support Load has adequate on-site generation to meet ERS program requirements while maintaining continuous operation.

(12) Upon request from a QSE, ERCOT shall provide the dates and times for any deployment events or tests of any ERS site during the previous three ERS Standard Contract Terms, provided that the QSE has obtained written authorization from the ERS site to obtain the information from ERCOT. Such QSE requests shall include the following site-specific information: Electric Service Identifier (ESI ID), unique meter identifier (if applicable), or, if the site is in a Non-Opt-In Entity (NOIE) area, site name and site address.

(13) Sites associated with a Dynamically Scheduled Resource (DSR) may not participate in ERS. Offers for Resources containing sites associated with a DSR will be rejected by ERCOT. If ERCOT determines that any participating site is associated with a DSR, that site will be treated as removed from the Resource on the date the determination was made. An ERS Resource’s obligation will not change as a result of any such site removal.

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| ***[NPRR1000: Delete item (13) above upon system implementation and renumber accordingly.]*** |

(14) Each offer submitted by a QSE on behalf of an aggregated ERS Load on a weather-sensitive baseline shall include the QSE’s projection of the maximum number of sites in the aggregation during the ERS Standard Contract Term. ERCOT shall review this projection and the information provided regarding the initial size of each aggregated ERS Load and shall reject any offer on behalf of such an ERS Load if the maximum size of the ERS Load projected by the QSE would violate the limits of site participation growth described in paragraph (15) below.

(15) A QSE may modify the population of an aggregated ERS Load on a weather-sensitive baseline once per month during an ERS Standard Contract Term via a process defined by ERCOT. Such adjustments shall be effective on the first day of each month following the first month. A fully validated ERS Offer form must be received by ERCOT no later than seven business days prior to the first day of the month for which is intended to be in effect.

(a) During an ERS Standard Contract Term, a QSE may increase the number of sites in an aggregated ERS Load on a weather-sensitive baseline by no more than the greater of the following:

(i) 100% of the initial number of sites; or

(ii) Two MW times the QSE’s projection of the maximum number of sites in the aggregation during the ERS Standard Contract Term, divided by the maximum MW capacity offered for any ERS Time Period for the aggregation.

(b) Any sites added to an ERS Load on a weather-sensitive baseline are subject to the same requirements for historical meter data as the other sites in the aggregation, as described in paragraph (4) of Section 8.1.3.1.1.

(16) For each of the four ERS service types, an ERS Standard Contract Term may consist of a single ERS Contract Period or multiple non-overlapping ERS Contract Periods, as follows:

(a) If no ERS Resources’ obligations are exhausted for an ERS service type during an ERS Contract Period pursuant to Section 3.14.3.3, Emergency Response Service Provision and Technical Requirements, the ERS Contract Period for that ERS service type shall terminate at the end of the last Operating Day of the ERS Standard Contract Term.

(b) If one or more ERS Resources’ obligations in a given ERS service type are exhausted pursuant to Section 3.14.3.3, the ERS Contract Period for that ERS service type shall terminate at the end of the Operating Day during which the exhaustion occurred. However, if ERS Resources participating in a service type remain deployed at the end of that Operating Day, the ERS Contract Period for that ERS service type shall terminate at the end of the Operating Day on which those ERS Resources are recalled.

(c) If an ERS Contract Period terminates as provided in paragraph (b) above, and one or more ERS Resources’ obligations were not exhausted or ERCOT elects to renew the obligations of any Resources whose obligations were exhausted, a new ERS Contract Period for the ERS service type shall begin at hour ending 0100 on the following Operating Day. This new ERS Contract Period shall terminate as provided in this Section.

(17) An ERS Resource currently obligated to provide an ERS service type during an ERS Time Period and ERS Contract Period may be offered to provide service as an MRA during that same ERS Time Period in the ERS Contract Period. If the ERS Resource is selected to provide service as an MRA during an ERS Time Period in the ERS Contract Period in which it is currently obligated to provide an ERS service type, the ERS Contract Period will be terminated for that ERS service type. The ERS Contract Period for that ERS service type shall terminate at the end of the Operating Day that is five days before the first Operating Day the ERS Resource is obligated to provide service under the MRA Agreement. However, if any ERS Resources participating in that ERS service type are currently deployed at the end of the Operating Day the ERS Contract Period is scheduled to terminate, then the ERS Resource’s ERS Contract Period for that ERS service type shall continue until the end of the Operating Day on which all of the ERS Resources participating in that ERS service type have been recalled, at which time the ERS Contract Period will terminate.

(18) ERS Resources shall be obligated in ERS Contract Periods as follows:

(a) Unless an ERS Contract Period is terminated pursuant to paragraph (17) above, for the first ERS Contract Period in an ERS Standard Contract Term, all ERS Resources awarded by ERCOT shall be obligated.

(b) For each of any subsequent ERS Contract Periods for a given ERS service type in an ERS Standard Contract Term, any ERS Resource with remaining obligation due to cumulative deployment time of less than eight hours at the end of the last ERS Contract Period shall be obligated for only this remaining deployment time in the new ERS Contract Period.

(c) For each of any subsequent ERS Contract Periods in an ERS Standard Contract Term, ERCOT may renew the obligations of certain ERS Resources as follows:

(i) During the offer submission process, QSEs shall designate on the ERS offer form, which is posted on the ERCOT website, whether an ERS Resource elects to participate in renewal ERS Contract Periods (“renewal opt-in”). Except as provided in paragraph (iv) below, this election is irrevocable once the ERS Resource has been committed for an ERS Standard Contract Term.

(ii) If the obligations of one or more ERS Resources are exhausted before the end of an ERS Standard Contract Term, ERCOT shall determine whether to include renewal opt-ins in the subsequent ERS Contract Period. ERCOT may limit any renewal to one or more ERS Time Periods in which obligations have been exhausted.

(iii) If ERCOT decides to include renewal opt-ins in the subsequent ERS Contract Period, ERCOT shall promptly notify all ERS QSEs as to the ERS Time Periods that it has elected to renew.

(iv) By the end of the second Business Day in any renewal ERS Contract Period, a QSE may revoke the renewal opt-in status of any of its committed ERS Resources for any subsequent ERS Contract Periods within that ERS Standard Contract Term. ERCOT shall develop a method for QSEs to communicate such information.

(v) By the end of the third Business Day in any ERS Contract Period other than the first ERS Contract Period in an ERS Standard Contract Term, ERCOT shall communicate to QSEs a confirmation of the terms of participation for all of their committed ERS Resources.

(19) In any 12-month period beginning on February 1st and ending on January 31st, ERCOT shall not commit dollars toward ERS in excess of the ERS cost cap. ERCOT may determine cost limits for each ERS Standard Contract Term in order to ensure that the ERS cost cap is not exceeded.

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| ***[NPRR984: Replace paragraph (19) above with the following on October 1, 2021 and upon system implementation:]***  (19) In any 12-month period beginning on December 1st and ending on November 30th, ERCOT shall not commit dollars toward ERS in excess of the ERS cost cap. ERCOT may determine cost limits for each ERS Standard Contract Term in order to ensure that the ERS cost cap is not exceeded. |

(20) If a QSE offers a Weather-Sensitive ERS Load, selects a control group baseline for that ERS Load, and ERCOT determines that the magnitude of the offer relative to the baseline error will prevent accurate determination of the performance, ERCOT shall reject the offer.

(21) ERCOT shall reduce the available expenditure under the ERS cost cap by the value of the amount of ERS Self-Provision. ERCOT shall value ERS Self-Provision at the clearing price multiplied by the total MW of ERS Self-Provision during each relevant ERS Time Period.

(22) ERCOT shall procure ERS Resources for each ERS Time Period using a clearing price. The Emergency Response Service Procurement Methodology, posted on the ERCOT website, is an Other Binding Document that describes the methodology used by ERCOT to procure ERS. ERCOT may consider geographic location and its effect on congestion in making ERS awards. ERCOT may prorate the capacity awarded to an ERS Resource in an ERS Time Period if the capacity offered for that ERS Resource would cost more than the Emergency Response Service Procurement Methodology allows under the time period expenditure limit. Such proration shall only be done if the QSE indicates on its offer for an ERS Resource that the QSE is willing to have the capacity prorated and also has indicated the lowest prorated capacity limit which is acceptable for that ERS Resource. If proration would result in an award below an ERS Resource’s designated prorated capacity limit or below the minimum MW offer applicable to the ERS service type as specified in paragraph (8) above, the offer will not be awarded.

(23) Payments and Self-Provision credits to QSEs representing ERS Resources are subject to adjustments as described in Section 8.1.3.3, Payment Reductions and Suspension of Qualification of Emergency Response Service Resources and/or their Qualified Scheduling Entities. Deployment of ERS Resources will not result in additional payments other than any payment for which the QSE may be eligible through Real-Time energy imbalance or other ERCOT Settlement process.

(24) QSEs representing ERS Resources selected to provide ERS shall execute a Standard Form Emergency Response Service Agreement, as provided in Section 22, Attachment G, Standard Form Emergency Response Service Agreement.