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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 | | August 11, 2021 | |
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| Submitter’s Information | | | |
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| Cell Number | |  | |
| Market Segment | | Not applicable | |

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| Comments |

The Permian Basin Petroleum Association (PBPA) appreciates the opportunity to comment on ERCOT’s consideration of Nodal Protocol Revision Request (NPRR) 1087.  These comments are not intended to cover every area that other stakeholders have already discussed, but rather, to highlight certain priority concerns shared by our membership.

PBPA shares the goal of ensuring that adequate resources are available to ensure Texans have sufficient critical natural gas supply and electricity grid reliability during all hours of the year and weather conditions.  We are, however, concerned that some of the broad revisions proposed by NPRR1087, while being less burdensome to administer, may create challenges opposite the intent of Senate Bill (SB) 3 (87 R.S.). This legislation created a comprehensive framework for review of existing policies by the Public Utility Commission of Texas (PUCT) and the Railroad Commission of Texas (RRC) that include stakeholder working groups and more that would ensure reliability and resilience in the Texas electrical market.  The PUCT and RRC should conclude the pending natural gas supply chain mapping process, and the reports and rulemakings that will follow before ERCOT explores revisions to “Critical Load”, Load Resource or Emergency Response Service (ERS) Resource definitions. If ERCOT does not wait, actions like NPRR1087 will likely result in confusion, ineffective policy, and the need to re-address the same revisions, if not implement new revisions, in the not-too-distant future.

The pending natural gas supply chain mapping process by the Texas Electricity Supply Chain Committee, report to the Texas Energy Reliability Council, and rulemakings by the PUCT and RRC will be critical to identifying “critical customers,” “critical gas suppliers,” and “critical infrastructure” as outlined by SB 3, and should be completed before any related rule changes are enacted by ERCOT.  PBPA supports avoidance of a separate categorical prohibition on any natural gas facilities qualifying as Load Resources or ERS Resources that is overly broad and may conflict with the PUCT’s and RRC’s ultimate rulemakings on these issues.

As has also been suggested through comments submitted by others, before making this decision PBPA wants to make sure ERCOT has a full understanding of the potential impacts that removing critical Load and ERS Resources from backstopping the ERCOT grid could have. This should include ERCOT having as much understanding as possible about the likely second or third order effects from removing critical Load and ERS Resources backstopping the ERCOT grid during Emergency Conditions. The point being to avoid increased risk of ERCOT grid blackout conditions.  Without this full understanding, the means offered by ERCOT, instead of resulting in the ends of a more reliable grid, could instead inadvertently increase the likelihood that involuntary Load shed will be required.

Further, both Load Resources and ERS Resources offer the ability to reduce their Demand on the grid in order to help maintain reliable operations for the rest of the Customers on the grid.  In the case of ERS, when these Customers are deployed and they reduce their Demand on the grid, they may be (and have proved to be in prior years) a key tool to avoid the need for ERCOT to go the next step and order firm Load shed.  Even when ERCOT is faced with the need to require firm Load shed, the dispatch of these Resources reduces the amount of involuntary Load shed that is required.  With these considerations in mind, PBPA respectfully recommends ERCOT can better ensure reliable operations of the grid if it has taken into full consideration the potential impacts from removing critical load and ERS Resources backstopping the ERCOT grid, which will allow the targeting of changes in eligibility to address the issues at hand rather than the broader approach as reflected in NPRR1087 as filed.

ERCOT should consider the most thorough methods to best determine the practical application of these contracts, including practical revisions that take into account seasonal and practical realities, like conditions calling for conservation or emergency circumstances with respect to the production sector of the electric market. While administrative certainty is an admirable goal, flexibility that ensures reliability for Texans across the state is the highest goal, even if more difficult to achieve.

A process adopted by the agency that only considers the binary “either/or” functionality of critical infrastructure could create an umbrella too large, that effectively removes the benefit of rotating Outages that is currently a beneficial tool under Emergency Conditions.

Thank you for all the work your council is performing and for the opportunity to provide these comments on behalf of our member companies and the communities in which they live, work, and raise their families.

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| Revised Cover Page Language |

None.

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| Revised Proposed Protocol Language |

None.