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| OBDRR Number | [041](https://www.ercot.com/mktrules/issues/OBDRR041) | OBDRR Title | Updates to Requirements for Aggregate Load Participation in the ERCOT Markets |
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| Date | June 22, 2022 |
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| Submitter’s Information |
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| Market Segment | Investor Owned Utility (IOU) and Cooperative |

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| Comments |

Oncor, AEP, CNP, TNMP and STEC (“Joint Transmission and/or Distribution Service Providers (TDSPs)”) submit these comments to express concerns with Tesla’s proposal for establishing an Aggregate Load Resource (ALR) in the ERCOT market. The Other Binding Document (OBD) entitled “Requirements for Aggregate Load Resource Participation in the ERCOT Markets” initially developed nearly ten years ago does not appropriately address the operating characteristics of the ALR proposed by Tesla. As initially conceived, the OBD addressed ALR participation as Demand response, whereas Tesla’s proposed ALR would actually inject energy into the electric Distribution System, potentially presenting system management issues for Distribution System operators. This energy injection behavior poses several concerns:

* Distribution Service Providers (DSPs) review and certify Customer-owned Distributed Generation (DG) interconnections to the Distribution System. To the extent that battery systems included in the proposed ALR were not studied nor certified by the interconnecting DSP to operate in the manner being proposed, Customers would need to notify the DSP of any changes in operations pursuant to applicable Interconnection Agreements. Coordination with the interconnecting DSP(s) is a necessary step in the creation of ALRs to ensure compliance with Interconnection Agreement provisions, or modification of such provisions if necessary.
* DSPs have not evaluated the impacts of residential battery systems simultaneously injecting into the Distribution System during an Ancillary Service deployment. Customer location matters greatly, and the injection behavior could impact power quality for other Customers served by the same or proximate distribution facilities. The interconnecting DSPs must be afforded the opportunity to evaluate impacts of the ALR behavior to their Distribution System facilities and other Customers the DSP serves. This should occur through an interconnection process similar to other Resources, beginning with an initial application, a technical study to evaluate system impacts and potential facility upgrades, commissioning and testing with the interconnecting DSP and ERCOT, tracking and modeling, and a contractual agreement approving the operation and requiring a notification of any operational changes.
* Several market rules have recently been established for distribution-connected Ancillary Service providers, specifically Distribution Generation Resources (DGRs) and Distribution Energy Storage Resources (DESRs). A review process for these Resource types led to several Protocol, Operating Guide, and Planning Guide revisions. Any new Ancillary Services providers, such as the ALRs being proposed in Other Binding Document Revision Request (OBDRR) 041, need to be evaluated in similar fashion to identify operational, planning and market impacts prior to developing new market rules. Such impacts may include, but not be limited to, the implications of ALR Customers connected to the distribution system via feeders included in a DSP’s Manual Load Shed or Under-Frequency Load Shed programs.
* Since Real-Time system conditions often differ from planning studies, the DSPs will also need the ability to preempt any ALR wholesale market deployment instruction in the event the injection to the grid, either alone or in combination with others, creates a reliability issue on the Distribution System.
* Finally, since these ALRs will be injecting power into the grid and then subsequently into the transmission system, it is appropriate to limit aggregations to an individual transmission Point of Interconnection (POI). Constraints can happen within the large areas of the grid defined by Load Zones and, therefore, it is critical that ERCOT takes the differing impacts of these resources into account in their clearing and deployments. It is the Joint TDSPs’ understanding that this nodal treatment of such resources parallels the treatment provided by many of the RTO’s compliance plans with FERC Order 2222.

Given the significance of the issues that have not yet been addressed, Joint TDSPs support the proposal offered during the June 16, 2022 Public Utility Commission of Texas (PUCT) Open Meeting for Tesla’s ALR proposal to be evaluated through a standalone pilot program to be coordinated between ERCOT, Tesla, and the affected DSP(s). This pilot could be accompanied by a series of workshops hosted either by ERCOT or the PUCT to keep interested parties informed of scope, progress and next steps.

The Joint TDSPs also support ERCOT’s June 17, 2022 comments to OBDRR041 which state that a new participation model to aggregate distribution-connected generators and batteries for participation in the wholesale energy and Ancillary Service markets is appropriate. A comprehensive set of market rule changes will ultimately be necessary to enable ALR participation in the ERCOT market, which should be informed by the pilot initiative, and then adequately developed and vetted through the stakeholder process framework. Therefore, the Joint TDSPs recommend OBDRR041 be withdrawn.

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| Revised Cover Page Language |

None

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| Revised Proposed Other Binding Document Language |

None