|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| OBDRR Number | [041](https://www.ercot.com/mktrules/issues/OBDRR041) | OBDRR Title | Updates to Requirements for Aggregate Load Participation in the ERCOT Markets | | |
|  | |  | |
| Date | | August 15, 2022 | | |
|  | |  | | | |
| Submitter’s Information | | | | | |
| Name | | Katie Rich | | | |
| E-mail Address | | [krich@gsec.coop](mailto:krich@gsec.coop) | | | |
| Company | | Golden Spread Electric Cooperative, Inc. (“Golden Spread”) | | | |
| Phone Number | | (806) 340-1060 | | | |
| Cell Number | |  | | | |
| Market Segment | | Cooperative | | | |

|  |
| --- |
| Comments |

Golden Spread appreciates the work that has been done on this Other Binding Document Revision Request (OBDRR). However, Golden Spread is concerned that the Other Binding Document, which was originally intended for Demand Response, does not address many important considerations that come with the injection of energy into the Distribution System. Golden Spread agrees with ERCOT’s recommendation that rather than modifying the Aggregate Load Resource (ALR) Demand Response program, a new wholesale participation model for aggregate distributed energy resources (“DERs”), including distributed generation and batteries, should be considered and developed through the stakeholder process. This would result in a more comprehensive approach. Some of the concerns not addressed in the OBDRR that should be considered and addressed in a new wholesale participation model include the following:

**Distribution Utility Review and Coordination**

A review process should be established that allows the Distribution Service Provider (DSP) to evaluate and identify any potential impacts to the Distribution System from aggregated DERs. The review process should provide DSPs with the necessary information to perform a reliability assessment, including for example, the location of the DER, size, type, intended use, etc. DSPs should be given adequate time to perform the review in order to ensure the resource is able to respond to any Dispatch instructions without posing a risk to the Distribution System.

**Jurisdictional Issues Regarding Retail Service and Interconnection Requirements**

Any wholesale participation model should not encroach on a cooperative’s jurisdiction over retail services and other matters related to the Distribution System, including design, operations, power quality, reliability, billing, retail rates, and interconnection requirements and policies.  For example, consistent with the Public Utility Regulatory Act (PURA), Public Utility Commission of Texas (PUCT) Substantive Rules, and ERCOT Protocols, Electric Cooperatives (ECs) should not be required to allow third-party aggregation in their service areas, unless the applicable distribution cooperative consents. Cooperatives must also maintain jurisdiction over participation and compensation in their retail program (e.g., net-metering).

**Distribution Utility Operations**

Any participation model should give DSPs the discretion to override the dispatch of a DER in circumstances where such an override is needed to maintain the reliable and safe operation of the Distribution System.  For example, during a manual Load shed event, it may not be possible for a DSP not to shed a DER. DSPs should be given discretion, as they currently are given with critical Loads, when selecting feeders for Load shed programs.

**Wholesale Compensation**

Any wholesale participation model should limit participation of DERs receiving compensation for the same service as part of a retail program.  For example, a DER that is being compensated by a retail program, including but not limited to, net metering or a utility's Demand-side management program, should not be also compensated by the market for the same Demand or energy.

Costs associated with DERs, including Demand response, should be allocated in a manner that is consistent with the benefit that is provided to the market. Cost allocation for Ancillary Services derived from Demand response should continue to be contracted through ERCOT and uplifted to the market as a whole rather than allocated back to the specific Point of Interconnection (POI), because it does not make sense to bill the same load that provides the Demand response for energy it does not consume.

**Locational Requirements**

If aggregations are not settled on a nodal basis, it may exacerbate congestion and/or create reliability issues on the transmission or distribution systems. Because DERs in the aggregation will be located at different nodes that have different impacts on constraints, deploying an aggregation could harm a constraint if more DERs are located on the wrong side of the constraint. If DERs are located on electrically similar buses with similar Shift Factors prior to being aggregated, it is more likely that the DERs would be located on the same side of a constraint and better able to be a tool to reduce or alleviate congestion. However, given that constraints change routinely, even DERs located only short electrical distances from one another could be on different sides of a constraint. Moreover, in rural locations where there is less Load, the impact of aggregated DERs would be more significant given the likelihood that the DER would be located across much larger geographic footprints that would exacerbate this issue.

Golden Spread does not take issue with a pilot program to test aggregations of DERs, so long as the Transmission and/or Distribution Service Providers (TDSPs) are amenable. The pilot program should inform any new wholesale participation model for DER that would be developed through the stakeholder process.

|  |
| --- |
| Revised Cover Page Language |

None

|  |
| --- |
| Revised Proposed Other Binding Document Language |

None