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| NPRR Number | [1186](https://www.ercot.com/mktrules/issues/NPRR1186) | NPRR Title | Improvements Prior to the RTC+B Project for Better ESR State of Charge Awareness, Accounting, and Monitoring |
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| Date | | July 7, 2023 | |
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| Submitter’s Information | | | |
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| Market Segment | | Independent Generator | |

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| Comments |

**JOINT COMMENTER’S INTRODUCTION AND COMMENTS:** Plus Power and Tesla (“Joint Commenters”) understand the advanced capabilities that Energy Storage Resources (ESRs) bring to system operation and supports the needs to ensure a fair market and a reliable system. As such, we actively participated in the workshop ERCOT held on June 22and appreciated the opportunity to learn about ERCOT’s proposed phased approach to continue to effectively and efficiently integrate the operation of ESRs in the ERCOT region. Joint Commenters applaud ERCOT’s phased approach, and generally support the priorities and direction, which attempt to address near-term needs but with a long-term view of Real-Time Co-optimization (RTC) and a Single Model for ESRs. Joint Commenters provide the following comments on the need for an additional workshop and concern about the tight timeline for review proposed by ERCOT for this Nodal Protocol Revision Request (NPRR) because additional issues must be clearly understood first in order to be supported by stakeholders prior to formal consideration for approval:

Before this NPRR can move forward, additional discussions and another workshop are warranted for several reasons. First, information for the June 22 workshop and NPRR1186 was not provided in a timely fashion for participants to adequately prepare and proactively participate in the discussion, as the NPRR was released less than 2 hours before the workshop start time. Second, the NPRR does not capture the operational information ERCOT has since shared verbally and through PowerPoint slides during the June 22 workshop or the discussion held at the July 6, 2023, Reliability Operating Subcommittee (ROS) meeting. Third, even with limited preparation for the workshop, Market Participants raised several issues that were not fully discussed and resolved during the limited workshop time nor that have been addressed through any clarifying written comments. Finally, the NPRR has some issues that, even with time, are still not fully comprehendible without supporting operational information vetted through stakeholder process and codified in the Nodal Protocols.

During the June 22 workshop, ERCOT presented significant changes to prior operating procedures and expectations for managing Ancillary Service, Current Operating Plan (COP) updates and State of Charge (SOC) that raised several concerns with ESRs.

One such concern is that an ESR “should attempt to” only allocate Regulation Up Service (Reg-Up), Responsive Reserve (RRS), and ERCOT Contingency Reserve Service (ECRS) Ancillary Services on the Generator side “until HSL” with a requirement for Qualified Scheduling Entities (QSEs) and ESRs to dynamically calculate and telemeter Participation Factors every 4 seconds as an accounting measure for ERCOT to accurately determine GREDP and CLREDP. Although this was presented as a “no change to Protocols” from ERCOT, there are implications to the operations and systems of ESRs and QSEs that will need to be assessed. For example, this impacts the new calculation for HASL and LASL proposed by ERCOT that adds a new variable called “Required AS SOC.” Furthermore, ERCOT made it clear that this change will improve the ability to accurately calculate base point deviations, GREDP and CLREDP for ESRs, since self admittedly, ERCOT’s systems are currently ill-equipped to do so. Stakeholders and ERCOT need to work through more examples, as the new instructions seem to modify the ability to move (and to determine when to move) Ancillary Service responsibility from the load side to the generation side and vice versa. Without realistic information provided from storage operators, which can only be conveyed in response to clear proposals from ERCOT, the exercise intended to better the state of play for ESRs prior to RTC is essentially futile.

Another concern is the unclear need, and potentially punitive nature, for the adoption of ESRs to restrict the provision of regulation up or other Ancillary Services in the last 15 minutes of the Operating Hour and to unnecessarily maintain a minimum SOC into the next Operating Hour. This could prejudicially limit ESRs ability to participate in the market and could negatively impact reliability by preventing all ESRs from operating when needed. This restriction, if it is what ERCOT intended to propose, is especially concerning when ERCOT is maintaining grid reliability and managing system frequency in Real-Time. Further, in the June 22 presentation, ERCOT introduced an operating practice to comply with an “Individual SOC Expectation” which prompted a good discussion but needs further collaboration to clearly understand the operational challenges ERCOT faces from one Operating Hour to the next. We appreciate that ERCOT expressed willingness at ROS on July 6 to work on this very issue. However, we would like this concern to be addressed within this NPRR, instead of deferring to a future revision request or dictated through a non-binding business practice manual update that does not have the authority of the Protocols or Operating Guides, is not subject to the same notice and comment procedures as binding documents, and does not have the benefit of notice or oversight by the Public Utility Commission of Texas (PUCT). The usage of business practice manuals, apart from and in isolation of binding rules on the marketplace, is tantamount to the enforcement of rules and requirements that do have the effect of regulation.

In addition to the need to resolve these (and other) concerns relating to this NPRR through the stakeholder process, the tight timeline for review requested by ERCOT will be difficult to adhere to unless there is a clear restatement of what elements of ERCOT’s proposal truly require urgent resolution – which, based on the ROS meeting update from ERCOT staff on July 6, pertain only to the development of the IT infrastructure required to build the capacities to develop SOC monitoring parameters. However, the NPRR as filed simply states that urgent status was requested by ERCOT “so that the system changes associated with this Nodal Protocol Revision Request (NPRR) can be implemented in the narrow window before development work on the Real-Time Co-optimization (RTC) & Single-Model ESR (“RTC+B”) project begins.” This description does not reveal the nuances ERCOT staff have discussed in various forums on development of system requirements (tooling the IT capacities needed for the future state) and the development of physical operating and compliance measurement parameters that will have a material and substantive impact on investment value proposition, regulatory requirements and enforcement exposure for ESRs.

**MODIFY SCHEDULE FOR WORKSHOPS/STAKEHOLDER INPUT:** ERCOT’s proposed schedule does not provide adequate time for stakeholder review and input. The Joint Commenters suggest the following procedural review schedule:

* **July 13 PRS**: ERCOT provides revised NPRR identifying only the elements of the NPRR that require ERCOT to receive approval to start developing IT capabilities; PRS refer to ROS for a workshop.
* **Between July 17-28**: Hold second workshop
* **August 3 ROS**: ROS considers NPRR based on additional comments that incorporate a clear picture of what ERCOT is proposing (and deferring parameter requirements related to telemetry, performance, and compliance expectations into a separate NPRR).

**NEED FOR TASK FORCE:** In addition, the discussions between ERCOT Staff and Market Participants related to this topic is indicative that more advance discussions and well-informed development of these critical policy proposals is needed to boost efficiency, education, clear vision, and informed and effective proposals to enable changes prior to and for the purpose of RTC. Joint Commenters are cognizant that some elements of ERCOT’s work plan will require speed in order to meet IT development windows and other substantive requirements. For this reason, we propose that ERCOT create a Task Force to convene discussions in a timely and effective manner to review priority proposals related to ESR integration and RTC implementation. We propose the following structure for the task force issues:

1. Educate on the problem statement (meeting 1) and educate on the need for urgency if any
2. Describe how ERCOT is proposing to fix the issue based on problem statement (meeting 1)
3. Establish and communicate the strawman ERCOT proposal as it develops in response to meeting 1 feedback or direction (meeting 2)
4. Modify the strawman or work to create an alternative stakeholder-driven strawman as a response to ERCOT proposal (meeting 3)

This approach will also take the place of multiple potential subcommittee referrals and create a more traceable path of policy proposal improvement and knowledge-sharing between ERCOT and the market before those proposals appear before higher level voting committees such as PRS.  Further, this approach will provide the opportunity to address the inherent need of Market Participants and other stakeholders to identify and provide feedback to ERCOT of the impact of the proposed changes on their operating systems and telemetry requirements.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None