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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 12, 2023 | |
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| Submitter’s Information | | | |
| Name | | Audrey Fogarty | |
| E-mail Address | | [Audrey.Fogarty@jupiterpower.io](mailto:Audrey.Fogarty@jupiterpower.io) | |
| Company | | Jupiter Power LLC | |
| Phone Number | |  | |
| Cell Number | | 512-879-7826 | |
| Market Segment | | Independent Generator | |

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| Comments |

Jupiter Power LLC (Jupiter Power) appreciates the opportunity to submit these comments ahead of consideration of the Nodal Protocol Revision Request (NPRR) and the accompanying request for urgent status, at the July 13, PRS meeting.

Jupiter Power requests that urgent status for this NPRR be denied. While Jupiter is aware that ERCOT plans to file comments proposing further revisions to the NPRR today prior to PRS that we hope will shed additional light on the issues to be addressed, to date there has been no showing that the requirements for designation as urgent have been met. NPRR1186 “Improvements Prior to the RTC+B Project for Better ESR State of Charge Awareness, Accounting, and Monitoring,” goes far beyond providing simply additional visibility to ERCOT and would materially change the way Energy Storage Resource (ESRs) currently operate in ERCOT.

In ERCOT’s own description of the NPRR, introduced only three weeks ago, this NPRR induces at least eight substantive points of change to the Protocols and revises 11 sections of the Protocols. While we understand the availability of an implementation window before work on Real-Time Co-Optimization (RTC) begins, that is not a justification for urgent reliability needs, nor an adequate explanation as to why changes of this nature would not follow due stakeholder process. Given the significant complexity of these proposed changes and their potential to dramatically alter the way Qualified Scheduling Entities (QSEs) and resource owners operate a specific class of resources in ERCOT (and that class alone), circumventing a full understanding of these issues is ill-advised.

**Timing**

This NPRR and associated request for urgency from ERCOT was introduced on June 22nd, on the same day as the Energy Storage Resource (ESR) workshopentitled “Changes to improve monitoring and modeling of ESRs”, preventing market participants from adequately reviewing the material in advance of the workshop and thus limiting the extent to which market participants could engage in an informed discussion of the NPRR’s proposals outlined for the first time in the workshop forum.

The proposed changes suggest significant changes in operational requirements for ESRs, potentially impacting their ability to participate across the spectrum of market services, without:

* Referral to subject matter expert committees at ERCOT;
* Opportunity to consider market-wide Ancillary Service participation and performance since the very recent introduction of ECRS to the market, only two weeks prior to circulation of this NPRR;
* Deliberations around the implementation of relevant legislation (HB1500) regarding another new ancillary service and commission processes regarding significant operational changes for market participants; and
* Opportunity for stakeholders to significantly participate in the typical stakeholder process regarding this significant change to operations.

Since the issuance of NPRR1186, ERCOT have already updated the proposed changes with further comments and modifications and have indicated a willingness to engage with market participants. We appreciate this effort, but at a practical level the lack of clarity around what the NPRR is intending to address makes the request for an “urgent” timeline even more difficult to follow, whereby the NPRR requirements themselves are still under development and consequently market participants are still trying to clarify the operational ramifications. As an engaged market participant, we would like more certainty around changes that significantly affect our operations and the time to fully disseminate and respond to those changes as is standard for the ERCOT stakeholder process.

**Cause**

Broadly NPRR1186 raises the concern that ERCOT are seeking to make changes which directly impact the ability of resource owners to determine how to manage their commitments in the market.

ERCOT has stated “*with the projected ESR penetration levels, while ERCOT does not see a need to manage the SOC for an ESR, ERCOT does find it essential to make changes that will allow ERCOT to appropriately “model/account” for SOC of an ESR in ERCOT processes*” However, the practical implications this NPRR introduces a requirement for QSEs representing ESRs to show they have sufficient state-of-charge (‘SOC’) for multiple committed hours – essentially limiting the flexibility of an individual resource to appropriately manage its SOC in accordance with its particular asset’s requirements, while still meeting the onus of its obligations within each specific hour as is required of every market participant.

Similarly, the HSL restrictions outlined in the NPRR potentially impact how much ESR capacity an operator may choose to make available to the market in any particular hour, beyond what has already been established through recent ERCOT stakeholder processes (NPRR1096) regarding duration-limited restrictions on ESR participation in Ancillary Services.

These provisions go far beyond the desire for information to allow ERCOT to “*model/account for SOC”*, and directly impinge upon a resource-operator’s discretion on how best to manage their assets in compliance with their hourly commitments. This proposed approach also potentially creates an artificial ‘scarcity’ problem whereby available, uncommitted capacity is held back from the market, and disincentivizes developers to increase the duration of their energy storage resources and build multi-hour storage systems if they are forced to ‘withhold’ that additional capacity from participating across the range of market services in the first place.

In effect, the framework that ERCOT is proposing in this NPRR moves determination of a resource’s individual SOC and capacity management to satisfy duration requirements on Non-Spin and ECRS away from the QSE and Resource Entity responsibility (the rules for which were vetted and agreed through the stakeholder process last year), and toward codifying technology-specific participation levels under market rules. There is no technology-neutral equivalent of this proposed rule, even though other technologies may have a minimum downtime after a deployment and recall of an Ancillary Service that may leave them unable to fulfill other obligations in subsequent hours.

Targeting the participation of a single resource class in Ancillary Services in isolation ignores the significant market-wide changes that have taken place in the AS market recently and that are pending over the remainder of this year i.e.

* This NPRR could significantly change the way ESRs operate in ECRS. The endeavor to move the NPRR through the ERCOT approval process over a four-to-six week time period means that we would be going forward with changes to operations to a new ancillary service almost as soon as it has begun, and without any access to historical data for participants to fully understand and evaluate the early days of implementation. ESRs, other resource entities, and QSEs spent the last several months working with ERCOT on the operational implementation of ECRS, and this would again change operational requirements without even assessing performance of the initial implementation.
* HB1500 requires ERCOT to implement an additional ancillary service, DRRS. ERCOT has presented that DRRS is likely to be a modification of non-spin and increase reliance on ECRS, while NPRR 1186 in parallel is potentially limiting the participation levels of available resources in ECRS and risking increased cost of AS services across the board. As we implement DRRS, the full spectrum of available supply across Ancillary Services should be evaluated to ensure transparency around expected system supplies and costs.

HB1500, which goes into effect September 1, also provides (in section 39.1514) “The commission must use a contested case or rulemaking process to direct an independent organization certified under Section 39.151 to take an official action that will create a new cost or fee, increase an existing cost or fee, or impose significant operational obligations on an entity.” As presented and described to date, NPRR 1186 does impose significant operational obligations on energy storage resource entities and their QSEs. The “urgency” justification for this timeline has been presented to meet an implementation window, as opposed to a specific system reliability need. The implementation urgency is not extended to NPRRs which address potential risks across other technologies, however. For example, NPRR1170, which requires QSEs to provide fuel supply data was not proposed with urgency and would likely be more needed for a January/Winter implementation timeline. NPRR1186 should be given the same due consideration in conjunction with specific reliability needs.

We are more than willing to engage with ERCOT to more thoroughly understand the nature of the issues and concerns driving the numerous changes to ESR operations outlined in NPRR1186, and to explore the extent to which current observed performance underlies the need for these changes – however a fulsome and informed response to ERCOT’s specific technical concerns cannot be offered without sufficient opportunity to robustly engage on the proposed rules, and this cannot happen within the context of a rushed process with an NPRR in a state of flux. We welcome the opportunity to make further comment as more NPRR detail is provided, however we strongly advocate that NPRR1186 proceed through ‘standard’ stakeholder processes and deliberations in order to (1) provide for equitable treatment of what is currently the smallest asset class in the ERCOT market, and (2) ensure the development of reasonable and reasoned rule changes to the benefit of all market participants.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None