

## NPRR 1186

An ESR's state of charge (SOC) at the beginning of an Operating Hour (OH) must be equal to "any two consecutive hours."

An ESR providing AS must hold energy in reserve to meet duration requirements regardless of ERCOT's need for energy in real-time.

## Eolian's High-Level Impacts & Concerns

- 1186 does not consider current/anticipated grid conditions; active Ancillary Service (AS) deployment; or the sequence of deployments.
- Pre-determined charging/discharging requirements impedes an ESR's capacity to serve ERCOT in high reliability intervals.
- ERCOT's 08/28/2023 proposal does not account for pre-scarcity conditions; 1186 will decrease the number of ESRs qualified to provide multi-hour AS products, which could turn a Watch into an EEA event (e.g., yesterday evening – 1600 MW energy storage deployed and dispatched; these resources were not available this time last year, yet without them yesterday, an EEA would have been highly likely).
- NPRR1096 set a 2-hour duration requirement for all Resources to participate in ECRS, and 4-hour requirement to participate in Non-Spin. These duration requirements were based on the expected duration of ECRS and Non-Spin based on the needs of the ERCOT System. At no time during the 8-month discussions on 1096 was the concept of rolling/continuous proof of duration a contemplated requirement for participation (as that would be tantamount to proving infinite duration).
- 1186 requires energy to be withheld from the market regardless of grid conditions.
- 1186 will require an ESR to (i) withhold energy for future hours regardless of whether it has future AS responsibilities, and (ii) charge during ECRS and Non-Spin deployments before providing full amount of capacity. This will exacerbate tight system conditions by requiring ESRs to charge regardless of grid conditions or needs. 1186 will never allow an ESR to fully deploy the initial energy maintained to meet its 2- or 4-hour duration capability established for ECRS and Non-Spin.
- As longer-duration ESRs are added to the grid, 1186 will increase the GWs of energy that will be withheld from the market.
- 1186 will disincentivize the installation and expansion of ESRs capable of providing multi-hour AS to diversify energy supply and help manage growing evening ramp and intra-day variability

## NPRR 1186

## High-Level Impacts & Concerns

RUC - For On-Line ESRs, any remaining SOC on an ESR will be available for energy dispatch by RUC.

- ERCOT has indicated that its RUC engine may be overestimating the energy available from ESRs that are committed to providing AS and that causes ERCOT to RUC fewer Resources. It is unclear the extent to which such overestimation is occurring, and it is counterintuitive to make system changes that would strand GWs of available energy and unnecessarily increase the procurement of RUCs

1186 imposes new SOC requirements and compliance metrics on individual ESRs.

- Arbitrary and Capricious – 1186 would penalize an ESR that fails to telemeter the appropriate SOC due to a single SCED run at the top of an OH (up to \$25K per violation (SCED interval)).
- Discriminatory – 1186 imposes inequitable and unnecessary compliance requirements on (i) a subset of Resources (i.e., ESRs that provide AS) and their QSEs, which are not based on Resource/QSE performance, and (ii) an even smaller subset of Resources (i.e., ESRs qualified to provide ECRS and Non-Spin that have already met qualification requirements and are already to compliance metrics set forth in 1096 and specifically designed “to verify the [SOC] being reserved to provide the ECRS and/or non-Spin responsibility.”
- Inherent Bias– Example: 10MW/10MWh ESR can easily avoid noncompliance under ERCOT’s proposed reporting threshold (20% of its capacity) than a single 100 MW/100 MWh ESR (8% of its capacity). Similarly, ten 10MW/10MWh ESRs have more flexibility to avoid noncompliance under ERCOT’s proposed SOC requirements (20% of net capacity) than a single 100 MW/100MWh ESR (8% of capacity).
- Anticompetitive – Requires ESRs to continuously withhold two and four times the amount of energy for which they are awarded and compensated for in the DAM; places unprecedented and inequitable compliance standards on ESRs with multi-hour capability, including double violations.