

**To:** Notice\_Contracts@lists.ercot.com

**Sent:** 10/2/23 3:37 PM

**Subject:** M-A100223-01 Issuance of Request for Proposals for Capacity for Winter 2023-24 under ERCOT Protocols Section 6.5.1.1(4)

**NOTICE DATE:** Monday, October 2, 2023

**NOTICE TYPE:** M-A100223-01 Contracts/RFP

**SHORT DESCRIPTION:** Issuance of Request for Proposals for Capacity for Winter 2023-24 under ERCOT Protocols Section 6.5.1.1(4)

**INTENDED AUDIENCE:** All Market Participants

**DAYS AFFECTED:** December 1, 2023 through February 29, 2024

**LONG DESCRIPTION:** In accordance with Paragraph (4) of ERCOT Protocols § 6.5.1.1, ERCOT Control Area Authority, ERCOT has identified a need to procure capacity to meet Load and reserve requirements during the winter 2023-24 Peak Load Season. This reliability need is informed by several factors, including significant peak Load growth since last winter, recent and proposed retirements of dispatchable Generation Resources (see the lists of Generation Resources below), which have reduced the share of the overall Resource mix represented by dispatchable Generation Resources, and recent extreme winter weather events, including Winter Storm Elliott in December 2022, Winter Storm Uri in February 2021, and the 2018 and 2011 winter storms, each of which resulted in abnormally high demand during winter weather.

Based upon probabilistic analysis, ERCOT has determined that if the ERCOT Region experienced a winter storm during the 2023-24 winter Peak Load Season comparable to Winter Storm Elliott in December 2022, the risk of entering into an Energy Emergency Alert (EEA) during the highest-risk hour (Hour Ending 8 a.m.) would be approximately 19.9%. This would exceed the 10% probability level that constitutes an “elevated” risk under the standard ERCOT has employed for purposes of its studies conducted in support of NERC’s winter resource adequacy assessments. While ERCOT is not projecting that EEA conditions are likely to occur, ERCOT nevertheless finds this elevated risk of EEA unacceptable. ERCOT has determined that approximately 3,000 MW of additional capacity would be needed to reduce the probability of EEA below this 10% elevated-risk threshold. A summary of ERCOT’s analysis is attached to this Market Notice.

Accordingly, ERCOT intends to seek additional capacity in accordance with ERCOT Protocols § 6.5.1.1(4), which recognizes ERCOT’s “authority to prevent an anticipated Emergency Condition relating to serving Load in the current or next Season by procuring existing capacity that may be used to maintain ERCOT System reliability in a manner not otherwise delineated in the[] Protocols and the Operating Guides.” Based on the risk identified in ERCOT’s analysis, ERCOT intends to issue a request for proposals (RFP) to procure up to 3,000 MW of generation or Demand response capacity for the winter 2023-24 Peak Load Season (December 2023 through February 2024).

In accordance with the requirements of ERCOT Protocols § 6.5.1.1(4)(a)(iv), ERCOT provides the following timeline for the procurement:

RFP and Governing Document Release Date	Monday, October 2, 2023

Questions on RFP and Governing Document/Redlines to Agreement Due	Wednesday October 11, 2023 (3:00 PM CPT)
Questions Answered by ERCOT	Wednesday, October 18, 2023
Workshop on RFP and Governing Document	Friday, October 20, 2023 (afternoon)
ERCOT Notice of Amendments to RFP and Other Related Documents	Monday, October 23, 2023
Proposals Due	Monday, November 6, 2023 (3:00 PM CPT)
Presentations (if requested by ERCOT)	Wednesday, November 7 – Monday, November 13, 2023
ERCOT Notice of Awards/Issuance of Market Notice	Friday, November 23, 2023 (3:00 PM CPT)
ERCOT and Target Agreement Execution Date	Thursday, November 30, 2023
Target Service Start Date	December 1, 2023 – January 9, 2024
Service End Date	February 29, 2024

ERCOT will seek capacity from eligible Generation Resources and providers of Demand response that ERCOT deems acceptable for providing the needed capacity. These eligible providers are further identified below. While offers from Generation Resources must comport with the format of the Reliability Must-Run (RMR) Agreement, offers may include a proposed Incentive Factor that reflects the revenues the unit owner determines would be necessary to bring the unit back to operation for the winter Peak Load Season. As such, the Incentive Factor is not necessarily limited to 10%. Providers of eligible Demand response will be eligible to submit offers based on similar principles that are not necessarily constrained by cost.

ERCOT identifies the following dispatchable Generation Resources as potentially eligible to offer capacity in response to the RFP:

1. Mothballed Dispatchable Generation Resources (as of December 1, 2023):

Unit Name	Unit Code	Winter Sustained Capability (MW)
BARNEY M DAVIS STG 1	B_DAVIS_B_DAVIG1	292.0
WICHITA FALLS STG 4	WFCOGEN_UNIT4	16.0
BRANDON	BRANDON_UNIT1	20.0
CALENERGY-FALCON SEABOARD STG 3	FLCNS_UNIT3	62.0
R MASSENGALE CTG 1	MASSENGL_G6	18.0

R MASSENGALE CTG 2	MASSENGL_G7	18.0
R MASSENGALE STG	MASSENGL_G8	38.0
RAY OLINGER STG 1	OLINGR_OLING_1	78.0
TY COOKE CTG 1	TY_COOKE_GT2	14.0
TY COOKE CTG 2	TY_COOKE_GT2	17.0

2. Seasonally Mothballed Dispatchable Generation Resources (as of December 1, 2023):

Unit Name	Unit Code	Winter Sustained Capability (MW)
POWERLANE PLANT STG 1	STEAM1A_STEAM_1	17.5
SPENCER STG U4	SPNCER_SPNCE_4	57.0
SPENCER STG U5	SPNCER_SPNCE_5	61.0

3. Dispatchable Generation Resources that have decommissioned since December 1, 2020:

Unit Name	Unit Code	Winter Sustained Capability (MW)
SAM RAYBURN POWER CTG 1	RAYBURN_RAYBURG1	13.5
SAM RAYBURN POWER CTG 2	RAYBURN_RAYBURG2	13.5
DECKER CREEK STG 2	DECKER_DPG2	428.0
OCI ALAMO 1 (ASTRO)	OCI_ALM1_ASTRO1	39.2
DOW G37	DOWGEN_DOW_G37	65.95
JT DEELY U1	CALAVERS_JTD1_M	420
JT DEELY U2	CALAVERS_JTD2_M	420

4. Dispatchable Generation Resources currently in the interconnection queue for which commercial operations could feasibly be accelerated to occur on or between December 1, 2023 and January 9, 2024 while meeting all requirements under ERCOT Protocols and Operating Guides.

ERCOT intends to contact Resource Entities associated with Generation Resources identified in items 1 – 3 above to notify them of the RFP after its issuance and inquire about their capability to return to service under the RFP requirements. Only the active Resource Entity for any of the above-identified Generation Resources (or the Resource Entity's Qualified Scheduling Entity) or the owner of any of the above-identified decommissioned Generation Resources is eligible to submit the offer on behalf of the Generation Resource.

ERCOT identifies the following potential sources of Demand response that ERCOT considers acceptable for providing the capacity that ERCOT seeks to procure:

1. Customers with peak Demand response capability exceeding one MW that was not price-responsive during the 2022-23 winter Peak Load Season.
2. Aggregations of Customer sites with peak Demand response capability that was not price-responsive during the 2022-23 winter Peak Load Season, including sites with unregistered dispatchable generation that may offset load or inject power into the distribution system, if each aggregation exceeds one MW of peak Demand response.

A Customer or an aggregation of Customer sites will not be considered price-responsive if their Load (including the injection potential associated with any co-located unregistered generation) was observed during at least 90% of the 25 highest-priced intervals in the 2022-23 winter Peak Load Season during the hours for which the Load is being offered.

ERCOT deployments of Demand response will be limited to no more than six hours per deployment with a maximum of three deployments during the Contract Period. When submitting offers to provide Demand response, Customers may choose one or more of the following time periods during which their capacity must be available for deployment:

- a. during all hours of every day during the Contract Period,
- b. only during Hour Ending 0500 through Hour Ending 1000 of every day during the Contract Period (i.e. the morning hours),
- c. only during Hour Ending 1800 through Hour Ending 2300 of every day during the Contract Period (i.e. the evening hours), or
- d. Only during both the morning and evening hours of every day during the Contract Period.

ERCOT reserves the right to determine what amounts of Demand response capacity to procure for each of these time periods.

Customers designated as critical Loads are not eligible to provide capacity under this procurement.

Sources of Demand response may be offered by any Entity that has been explicitly authorized in writing by the Customer to provide the Demand response. As described in the RFP and the Governing Document, an Entity must submit a list of the Electric Service Identifiers (ESI IDs) that constitute the Demand response source.

The RFP and the associated Governing Document issued today provide important details regarding the proposed procurement process. As noted in the above timeline, ERCOT intends to issue an amended RFP and Governing Document by October 23, 2023 following submission of any comments. ERCOT will issue a Market Notice on November 23, 2023 identifying the Entities receiving awards along with the relevant MW quantities and prices awarded.

**ADDITIONAL INFORMATION:** For additional information regarding the process and terms under which ERCOT may contract for additional capacity, please refer to paragraph (4) of ERCOT Protocols § 6.5.1.1. The attached "Winter 2023-24 Capacity Scarcity Risk Assessment" provides additional information regarding ERCOT's probabilistic analysis.

**CONTACT:** If you have any questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via email at [ClientServices@ercot.com](mailto:ClientServices@ercot.com).

If you are receiving email from a public ERCOT distribution list that you no longer wish to receive, please follow this link in order to unsubscribe from this list: <http://lists.ercot.com>.

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**Attachments:**

[Winter 2023-24 Capacity Scarcity Risk Assessment \(1\).pdf](#)

Oct 2, 2023 - pdf - 267.5 KB