



## **Item 7: Notice of Additional Capacity Request for Winter 2023-2024 Load Season**

*Woody Rickerson*

Senior Vice President and Chief Operating Officer

*Chad Seely*

Senior Vice President, General Counsel and  
Corporate Secretary

Board of Directors Meeting

ERCOT Public

October 17, 2023

# Overview

- **Purpose**

Provide rationale and key details regarding the Request for Proposals (RFP) for Contracts for Capacity during the winter 2023-24 Peak Load Season

- **Voting Items / Requests**

No action is requested of the Board; for discussion only

- **Key Takeaways**

- ERCOT is proactively seeking to procure up to 3,000 MW of additional generation and/or Demand response capacity for the winter 2023-24 Peak Load Season.
- The RFP is driven by significant peak Load growth since last winter; recent and proposed retirements of dispatchable Resources; and the low-probability, but high-impact risk of extreme winter weather.
- ERCOT is not projecting emergency conditions this winter. However, analysis of Winter-Storm-Elliott-like weather plus Load growth from this year indicated a ~20% risk of an Energy Emergency Alert (EEA) event. Procuring 3,000 MW lowers the risk of EEA 1 to a “low” level (<10%).

# Summary of ERCOT's Analysis

- ERCOT's Probabilistic Reserve Risk Model (PRRM) performs Monte Carlo simulations that show probabilities that Capacity Available for Operating Reserves (CAFOR) for a seasonal peak load day is at or below the various EEA risk thresholds.
- PRRM simulations account for the demand growth experienced in 2023 and were subjected to extreme winter weather comparable to Winter Storm Elliott in 2022.
- Highest-risk hour for this winter is Hour Ending 8:00 AM. Below are CAFOR risks for Elliott-like weather with no additional capacity vs. procuring 3,000 MW more capacity.

|   | Hourly Risk Profile: Hour<br>Ending 8 AM<br><u>No Additional Capacity</u> | Hourly Risk Profile: Hour<br>Ending 8 AM<br><u>3,000 MW Additional<br/>Capacity</u> |
|---|---|---|
| Probability of Reserves being equal to or less than 3,000 MW                      | 29.612%   | 18.268%   |
| Probability of Reserves being equal to or less than 2,500 MW<br>(EEA 1 threshold) | 19.909%   | 9.482%  |
| Probability of Reserves being equal to or less than 2,000 MW<br>(EEA 2 threshold) | 18.166%   | 8.175%  |
| Probability of Reserves being equal to or less than 1,500 MW<br>(EEA 3 threshold) | 16.374%   | 6.722%  |

## Key Details of the RFP

- Seeking capacity from eligible Generation Resources and providers of Demand response
- Eligible Generation Resources
  - Mothballed Dispatchable Generation Resources
  - Seasonally Mothballed Dispatchable Generation Resources
  - Decommissioned Dispatchable Generation Resources
  - Dispatchable Generation Resources in the queue with accelerated interconnection queue
- Eligible Demand response providers ( $\geq 1$  MW)
  - Customers with peak Demand response capability that was not price responsive last winter
  - Aggregations of Customer sites with peak Demand response capability that was not price responsive last winter, including unregistered Distributed Generation (DG)
- In-service dates ranging from Dec. 1, 2023 through Jan. 9, 2024
- Daily payments to Generation Resources using existing Settlements processes during the service period; substantially same Settlement terms and conditions as a Reliability Must-Run (RMR) Unit.
- Payments to Demand response providers after the service period.
- All payments subject to availability assessments and withholding or clawbacks.

# Procurement Timeline

| Procurement Timeline <sup>1</sup>                                |   |
|--|---|
| RFP and Governing Document Release Date                          | Monday, October 2, 2023                           |
| Questions on RFP and Governing Document/Redlines to Contract 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                          |
| Presentations (if requested by ERCOT)                            | Wednesday, November 7 – Monday, November 13, 2023 |
| ERCOT Notice of Awards/Issuance of Market Notice                 | Friday, November 23, 2023                         |
| ERCOT and Target Contract Execution Date                         | Thursday, November 30, 2023                       |
| Target Service Start Date  | December 1, 2023 – January 9, 2024                |
| Reporting to ERCOT Board on Signed Contracts                     | Tuesday, December 19, 2023                        |
| Service End Date   | February 29, 2024                                 |

<sup>1</sup> All Business Day deadlines are at 5:00 PM CPT, unless otherwise noted in the RFP.