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| NPRR Number | [1194](https://www.ercot.com/mktrules/issues/NPRR1194) | NPRR Title | Wholesale Storage Load Auxiliary Netting |
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| Date | | October 10, 2023 | |
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| Submitter’s Information | | | |
| Name | | Doug Pietrucha | |
| E-mail Address | | [dpietrucha@texasadvancedenergy.org](mailto:dpietrucha@texasadvancedenergy.org) | |
| Company | | Texas Advanced Energy Business Alliance (TAEBA) | |
| Phone Number | | 202-380-1950 ext. 303 | |
| Cell Number | |  | |
| Market Segment | | Not applicable | |

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| Comments |

The Texas Advanced Energy Business Alliance (TAEBA) opposes Nodal Protocol Revision Request (NPRR) 1194, submitted by Southwest Texas Electric Cooperative, Inc. (STEC). TAEBA opposes NPRR1194 because we agree with ERCOT Staff’s assessment that STEC is misinterpreting the Texas Statute and comments made by Commission and ERCOT Staff and are asking for the implementation of conditions which would unfairly burden Energy Storage Resources (ESRs). TAEBA has several member companies which are ESR developers, and our members have found fault with STEC’s arguments that ERCOT Protocols need to be adjusted in relation to auxiliary load netting. Our member companies have deep experience in the ERCOT market, and are required to constantly keep themselves up to date on the nuances of Wholesale Storage Load treatment and the rules which dictate the charging and generation of their facilities.

STEC writes “state law expressly prohibits the netting of discharged energy with retail auxiliary Load from an ESR qualified for WSL treatment.”[[1]](#footnote-1) This supposition is being made despite clarification from ERCOT Staff that STEC’s interpretation that auxiliary load must be treated as retail load when an ESR site is exporting to the grid is incorrect. ERCOT Staff further clarified this misinterpretation, stating clearly that treating auxiliary load for ESRs which are exporting to the grid as retail load would result in an inappropriate treatment of ESRs from Generation resources.[[2]](#footnote-2)

In their reply comments to ERCOT, STEC posits that Commission Staff confirm ““[t]he auxiliary load does not receive the benefits described in 16 TAC § 25.501(m).”[[3]](#footnote-3) This quote requires additional context in order to be correctly interpreted. Commission staff wrote “Wholesale storage load is not defined in Commission rules but has been defined at ERCOT to include the value of energy withdrawal associated with the ESR charging, but not the auxiliary load (load that contributes to maintaining the resource or serving additional load located with the resource). The auxiliary load does not receive the benefits described in 16 TAC § 25.501(m).”[[4]](#footnote-4) The broader quote provides two valuable pieces of context that juxtapose STEC’s inference that exported energy is subject to retail treatment for auxiliary load. The first piece of context is that Commission Staff’s comments are directly related to charging loads, meaning STEC’s interpretation of their guidance is not in reference to exported energy. The second piece of important context in the broader quote is that Commission Staff state the Commission itself does not have a definition for WSL and relies on ERCOT’s definition of WSL, showing that ERCOT is the sole authority on auxiliary load netting and retail treatment procedures. The quote also shows ERCOT has been consistent in its definition of WSL, and that auxiliary loads receiving retail treatment only during charging has standing precedent.

STEC further cites a Commission rulemaking to support their interpretation of auxiliary load treatment. The rulemaking states “PURA §35.152 provides that a storage facility is entitled to be treated like other generation facilities in the sale of energy and ancillary services at wholesale. A key issue for the commission to resolve is how to treat a storage facility when it is *acquiring energy*.” STEC correctly interprets this writing to mean “the Commission stated that electricity purchased from the ERCOT system for auxiliary facilities and consumed by the auxiliary facilities should be treated as a retail sale.”[[5]](#footnote-5) However, STEC incorrectly extends this interpretation to mean “proposals that allow for the netting of auxiliary Load with generation when an ESR is exporting to the grid are not permitted.”[[6]](#footnote-6) The rulemaking specifically declares the condition of ESR treatment as a generation facility except *during* charging, yet STEC incorrectly understands this to mean that netting of auxiliary load at an ESR facility is not permitted when the ESR is behaving as a generator. This is not only an incorrect interpretation, but a policy which would be discriminatory toward ESRs.

ESRs are a valuable resource for the ERCOT grid, providing reliability and flexibility when necessary. While their status as both a Load Resource and a generation facility complicates their treatment under the Protocols, when behaving as a generation facility ESRs are entitled to the same treatments as a traditional generation facility. Our member companies which are ESRs currently receive fair and equal treatment with their peer generators, and changing those conditions would be discriminatory. For this reason, TAEBA encourages subcommittee members to reject this rule change proposal in line with ERCOT Staff’s interpretation of the law and equal treatment of ESRs under the Protocols.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None

1. STEC Comments 091223 at 1 (Sept. 12, 2023). [↑](#footnote-ref-1)
2. ERCOT Comments 091223 at 1 (Sept. 12, 2023). [↑](#footnote-ref-2)
3. STEC Comments 091223 at 2 (Sept. 12, 2023). [↑](#footnote-ref-3)
4. *Cost Recovery for Services to Distributed Energy Resources (DERs)*, Project No. 54224, Commission Staff Memorandum at 6 (Mar. 16, 2023). [↑](#footnote-ref-4)
5. [↑](#footnote-ref-5)
6. Id. [↑](#footnote-ref-6)