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| NPRR Number | [1189](https://www.ercot.com/mktrules/issues/NPRR1189) | NPRR Title | Updates to Language to Clarify the Allowable Regulation Ancillary Service Trades |
| Date of Decision | October 12, 2023 |
| Action | Approved |
| Timeline  | Normal |
| Effective Date | Upon implementation of Nodal Protocol Revision Request (NPRR) 1136, Updates to Language Regarding a QSE Moving Ancillary Service Responsibility Between Resources |
| Priority and Rank Assigned | Not applicable |
| Nodal Protocol Sections Requiring Revision  | 4.4.7.3, Ancillary Service Trades |
| Related Documents Requiring Revision/Related Revision Requests | None |
| Revision Description | This NPRR makes changes to the grey-boxed NPRR1136 language in Section 4.4.7.3 to align the language with existing requirements in paragraph (10) in Section 3.16, Standards for Determining Ancillary Service Quantities, which states that “Resources can only provide FRRS-Up or FRRS-Down if awarded Regulation Service in the Day-Ahead Market (DAM) for that particular Resource, up to the awarded quantity”. |
| Reason for Revision |  Addresses current operational issues. Meets Strategic goals (tied to the [ERCOT Strategic Plan](https://www.ercot.com/files/docs/2018/12/13/ERCOT_Strategic_Plan_2019-2023.pdf) or directed by the ERCOT Board). Market efficiencies or enhancements Administrative Regulatory requirements Other: (explain)*(please select all that apply)* |
| Business Case | The current grey-boxed Protocol language in Section 4.4.7.3 was introduced by NPRR1136. That NPRR focused generally on clarifying and giving Qualified Scheduling Entities (QSEs) increased flexibility around Ancillary Service Trades. Specific to Resources providing Fast Responding Regulation Service (FRRS), NPRR1136 allows a QSE with a Resource providing FRRS to trade that Ancillary Service Supply Responsibility to another QSE that would also provide the traded Regulation Service in the form of FRRS. In reviewing other Protocol language, a conflict with paragraph (10) in Section 3.16 was identified. That existing requirement states that “Resources can only provide FRRS-Up or FRRS-Down if awarded Regulation Service in the Day-Ahead Market (DAM) for that particular Resource, up to the awarded quantity”. Accordingly, this NPRR modifies the Ancillary Service Trade specifications in paragraph (6) of Section 4.4.7.3 to clarify that the QSE receiving an Ancillary Service Supply Responsibility in an Ancillary Service Trade for Regulation Service may only conduct that Ancillary Service Trade if the provided Regulation Service is not FRRS.By making this change to the Protocol, this conflict in language is addressed and the need for any additional changes to ERCOT software is eliminated. It should be noted that other parts of NPRR1136 have been implemented with NPRR863, Creation of ERCOT Contingency Reserve Service and Revisions to Responsive Reserve, projects. As such, all remaining language associated with NPRR1136 can become effective alongside this NPRR.  |
| PRS Decision | On 7/13/23, PRS voted unanimously to recommend approval of NPRR1189 as submitted. All Market Segments participated in the vote.On 8/10/23, PRS voted unanimously to endorse and forward to TAC the 7/13/23 PRS Report and 6/28/23 Impact Analysis for NPRR1189. All Market Segments participated in the vote. |
| Summary of PRS Discussion | On 7/13/23, ERCOT Staff provided an overview of NPRR1189. On 8/10/23, there was no discussion. |
| TAC Decision | On 8/22/23, TAC voted unanimously to recommend approval of NPRR1189 as recommended by PRS in the 8/10/23 PRS Report. All Market Segments participated in the vote. |
| Summary of TAC Discussion | On 8/22/23, TAC reviewed the ERCOT Opinion, ERCOT Market Impact Statement, and Independent Market Monitor (IMM) Opinion for NPRR1189. |
| ERCOT Board Decision | On 8/31/23, the ERCOT Board voted unanimously to recommend approval of NPRR1189 as recommended by TAC in the 8/22/23 TAC Report. |
| PUCT Decision | On 10/12/23, the PUCT approved NPRR1189 and accompanying ERCOT Market Impact Statement as presented in Project No. 54445, Review of Rules Adopted by the Independent Organization. |

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| **Opinions** |
| Credit Review | ERCOT Credit Staff and the Credit Finance Sub Group (CFSG) have reviewed NPRR1189 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. |
| Independent Market Monitor Opinion | IMM supports NPRR1189. |
| ERCOT Opinion | ERCOT supports approval of NPRR1189. |
| ERCOT Market Impact Statement | ERCOT Staff has reviewed NPRR1189 and believes the market impact for NPRR1189 resolves conflicting language between existing Protocols and grey-boxed NPRR1136 language regarding allowable Ancillary Service trades. |

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| Name | Jian Chen |
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| Market Segment | Not applicable |

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| **Comments Received** |
| Comment Author | **Comment Summary** |
| None |  |

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| Market Rules Notes |

None

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| Proposed Protocol Language Revision |

4.4.7.3 Ancillary Service Trades

(1) An Ancillary Service Trade is the information for a QSE-to-QSE transaction that transfers an obligation to provide Ancillary Service capacity between a buyer and a seller.

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| ***[NPRR1008: Replace paragraph (1) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(1) An Ancillary Service Trade is the information for a QSE-to-QSE transaction that transfers an obligation to provide Ancillary Service capacity or purchase Ancillary Services in the Real-Time Market (RTM) between a buyer and a seller. |

(2) An Ancillary Service Trade that is reported to ERCOT by 1430 in the Day-Ahead changes the Ancillary Service Supply Responsibility of the buyer and seller in the DRUC process. An Ancillary Service Trade that is reported to ERCOT after 1430 in the Day-Ahead changes the Ancillary Service Supply Responsibility of the buyer and seller in any applicable HRUC process, the deadline for which is after the trade is submitted.

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| ***[NPRR1008: Replace paragraph (2) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(2) An Ancillary Service Trade that is reported to ERCOT by 1430 in the Day-Ahead changes the Ancillary Service Position of the buyer and seller in the DRUC process. An Ancillary Service Trade that is reported to ERCOT after 1430 in the Day-Ahead changes the Ancillary Service Position of the buyer and seller in any applicable HRUC process, the deadline for which is after the trade is submitted. |

(3) As soon as practicable, ERCOT shall notify each QSE through the Messaging System of any of its Ancillary Service Trades that are invalid Ancillary Service Trades. The QSE may correct and resubmit any invalid Ancillary Service Trade, but the reporting time of the trade is determined by when the validated Ancillary Service Trade was submitted and not when the original invalid Ancillary Service Trade was submitted.

(4) A QSE with an Ancillary Service Supply Responsibility for ECRS, originally designated to be provided by a Generation Resource, may transfer its responsibility via Ancillary Service Trade(s) to another QSE only if that QSE designates the ECRS will be provided by a Generation Resource.

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| ***[NPRR1008: Replace paragraph (4) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(4) A QSE with an Ancillary Service Position for ECRS, originally designated to be provided by a Generation Resource, may transfer that portion of its Ancillary Service Position via Ancillary Service Trade(s) to another QSE only if that QSE designates the ECRS will be provided by a Generation Resource. |

(5) A QSE with an Ancillary Service Supply Responsibility for ECRS, originally designated to be provided by a Load Resource providing ECRS triggered with or without under-frequency relays set at 59.70 Hz, may transfer its responsibility via Ancillary Service Trade(s) to another QSE only if that QSE designates the ECRS will be provided by either:

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| ***[NPRR1008: Replace paragraph (5) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(5) A QSE with an Ancillary Service Position for ECRS, originally designated to be provided by a Load Resource providing ECRS triggered with or without under-frequency relays set at 59.70 Hz, may transfer that portion of its Ancillary Service Position via Ancillary Service Trade(s) to another QSE only if that QSE designates the ECRS will be provided by either: |

(a) A Generation Resource; or

(b) A Load Resource providing ECRS triggered with or without under-frequency relays set at 59.70 Hz.

(6) The table below shows the ECRS trades that are allowed for each type of original responsibility:

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|  | **Allowable ECRS Ancillary Service Trades** |
| **Original Responsibility** | **SCED-dispatchable ECRS** | **Manually dispatched ECRS** |
| SCED-dispatchable ECRS | Yes | No |
| Manually dispatched ECRS | Yes | Yes |

(7) The table below shows the RRS trades that are allowed for each type of original responsibility:

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|  | **Allowable RRS Ancillary Service Trades** |
| **Original Responsibility** | **Resource providing Primary Frequency Response** | **Resource providing FFR triggered at 59.85 Hz** | **Load Resource triggered at 59.7 Hz** |
| Resource providing Primary Frequency Response | Yes | No | No |
| Resource providing FFR triggered at 59.85 Hz | Yes | Yes | Yes |
| Load Resource triggered at 59.7 Hz | Yes | No | Yes |

(8) The table below shows the Non-Spin trades that are allowed for each type of original responsibility:

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|  | **Allowable Non-Spin Ancillary Service Trades** |
| **Original Responsibility** | **Generation Resource or Controllable Load Resource** | **Load Resource other than a Controllable Load Resource** |
| Generation Resource or Controllable Load Resource | Yes | No |
| Load Resource other than a Controllable Load Resource | Yes | Yes |

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| ***[NPRR1136: Insert paragraph (9) below upon system implementation:]***(9) A QSE with an Ancillary Service Supply Responsibility for Regulation Service may transfer that portion of its Ancillary Service Supply Responsibility via Ancillary Service Trade(s) to another QSE only if that QSE provides the transferred portion with Regulation Service that is not Fast Responding Regulation Service (FRRS). The table below shows the Regulation Service trades that are allowed for each type of original responsibility. The same limitations apply separately to both Reg-Up and Reg-Down:

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|  | **Allowable Regulation Ancillary Service Trades** |
| **Original Responsibility** | **Regulation Service that is not FRRS** | **FRRS** |
| Regulation Service that is not FRRS | Yes | No |
| FRRS | Yes | No |

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