**Request for Proposals forContracts for Capacity**

**Questions Received and ERCOT Answers**

**October 18, 2023**

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| **Question 1** | Can you clarify if standalone energy storage is eligible to participate? In one section it looked like the answer was yes, but I was a bit thrown off by the section on the main RFP site asking for specific generators to participate. |
| **Answer 1** | Energy Storage Resources (ESRs), including Distribution Energy Storage Resources (DESRs), are eligible to be awarded through this RFP. Such Capacity Sources must meet all the requirements specified in the RFP and Governing Document. Further, any new ESRs are subject to the interconnection requirements in Planning Guide Section 5.  Please note that ERCOT is planning to post amendments to the RFP and other related documents on Monday, October 23, 2023, and in those amendments, several clarifications and changes related to ESRs are expected. The expected amendments will likely provide a new, separate Energy Storage Resource Capacity Source Offer Template and also revise the hours of obligation categories available for ESRs. The revised Hours of Obligation are expected to be as follows:  Each Energy Storage Resource Capacity Source must be available for all of the hours in one of the three following periods, as identified in its Contract for Capacity based on the designations in its response to the RFP:   * + 1. ESR Category 1: All hours during the period from Hour Ending 0500 through Hour Ending 1000 every day during the Contract Period     2. ESR Category 2: All hours during the period from Hour Ending 1800 through Hour Ending 2300 every day during the Contract Period     3. ESR Category 3: All hours during both of the following periods every day during the Contract Period:        1. Hour Ending 0500 through Hour Ending 1000, and        2. Hour Ending 1800 through Hour Ending 2300. |
| **Question 2** | Would you mind clarifying for us whether battery storage assets can qualify as Demand Response and therefore able to participate in this RFP? |
| **Answer 2** | Please note that ERCOT is planning to post amendments to the RFP and other, related documents on Monday, October 23, 2023, and in those amendments, several clarifications and changes related to Energy Storage Resources are expected.  ESRs that meet the eligibility requirements will need to submit an offer using the Energy Storage Resource Capacity Resource Offer Sheet. This template is for large, battery storage assets.  Aggregations of small, unregistered energy storage assets may participate only as a Demand Response (DR) Capacity Source and will need to submit an offer using the DR Offer Sheet. This template is for small, unregistered battery storage assets.  Please see the answer to question 1 and the amendments to the RFP and other related documents, once posted. |
| **Question 3** | Does a unit have to have been online/present AND determined to not have been price-responsive during winter 2022-23? What about assets that came online after winter 2022-23 and determine to not have been price-responsive? |
| **Answer 3** | ERCOT will assess whether the Load has been price responsive based on Load data on and after December 1, 2022. Please refer to the revisions that ERCOT will be making to the Governing Document for additional detail regarding the analysis ERCOT will be conducting. Please note that new customers that were energized on or after May 1, 2023 are not eligible to provide the service due to insufficient data to demonstrate the Load is not price responsive. |
| **Question 4** | We received the ERCOT notification about ERCOT requesting proposals for an additional 3,000 MW for the Winter period. Is this a part of the regular December – March contract period for Demand Response or is this in addition? I am asking because the time periods are outside of the ones in the SCT. Just wanted to understand so we can provide guidance to our DR customers and determine if we will participate |
| **Answer 4** | This ERCOT Contracts for Capacity RFP Winter 2023-24 is separate from the Emergency Response Service (ERS) RFP for the December 2023 through March 2024 Standard Contract Term. Any DR capability that has participated in ERS or as part of a Load Resource within the past two years is not eligible to be included in an offered DR Capacity Source under this RFP. In addition, any DR capability that is enrolled in any DR program that exists as of October 2, 2023 and that could be deployed during the winter Peak Load Season, including TDU Load Management Programs, ERS, any ERCOT Ancillary Service, or any existing program offered by a Load Serving Entity or a third-party DR provider, is not eligible to be offered into this program. |
| **Question 5** | How will pricing be determined? Is it based [on] all of the submissions or is it a calculation? |
| **Answer 5** | Each Capacity Source (Generation Resource, Energy Storage Resource, or Demand response) will be paid based on its offer price ($/MW), as reflected in the final offer submission, if awarded by ERCOT. There will not be a single clearing price to be paid for all Capacity Sources. Please note that ERCOT is planning to post amendments to the RFP and other related documents on Monday, October 23, 2023, and in those amendments, several clarifications and changes related to ESRs are expected. The expected amendments will likely provide a new separate Energy Storage Resource Capacity Source Offer Template and also revise the Hours of Obligation categories available for ESRs. |
| **Question 6** | Based on the below section,3.4.4 if some of our DR units were not called on or were available this summer in an ERS event, they would still not be eligible for this program because they submit SCT for Dec23-March24? What if the time periods are different? For example, if a unit that did not participate in ERS selected Category 2 HE 0500- HE 1000 each day and in the ERS SCT period they selected Time Period 7 HE 1500-2100 weekend and ERCOT holidays. Would that be allowed or basically the customer if they were not called on for ERS and is eligible would have to choose if they want to participate in this program or in the ERS SCT Dec-Mar program? |
| **Answer 6** | If an ERS Resource carried an ERS Obligation during any ERS Time Period since December 1, 2021, including the October through November ERS Standard Contract Term, it is not eligible to be offered into this program. |
| **Question 7** | What is the minimum duration and hours of obligation? ERCOT paper identified 8AM as the highest risk hour, does that mean that resource should be available for the hour with scarcity? |
| **Answer 7** | There are different hours of obligation for Generation Resource Capacity Sources, Energy Storage Resource Capacity Sources, and Demand Response Capacity Sources. These are described in the Governing Document.  The shortest block of hours of obligation is 6 hours. All Capacity Sources must be able to provide the capacity for at least 6 hours in a row. |
| **Question 8** | Does a 1-hour duration BESS resource qualify to participate? |
| **Answer 8** | The offer quantity for an Energy Storage Resource Capacity Source will be limited to the net output level MW injection it can sustain for 6 hours in a row.  For example, a 100 MW, 100 MWh battery (“a 1-hour battery”); will be limited to offer of up to 100/6 = 16.667 MW. |
| **Question 9** | We have a resource that will be energized mid-December 2023 but won’t qualify for Ancillary Service until March 2024. This resource will be able to provide energy. Does this resource qualify? |
| **Answer 9** | A potential Dispatchable Generation Resource or ESR that is currently in the interconnection queue; had a projected synchronization date as of October 2, 2023 that was after January 9, 2024; and for which the submittal of Commissioning Checklist Part 2 could feasibly be accelerated to occur on or between December 1, 2023 and January 9, 2024, while meeting all requirements under ERCOT Protocols, Planning Guide, and Operating Guides, is eligible to offer its capacity under this RFP.  Resources that were already included in Winter assessments would not be eligible. Resources that were not already included in those assessments but that could move their operational dates from after the RFP period to during the RFP timeframe would be eligible. Those resources would have had to already completed the August 1 or an earlier Quarterly Stability Assessment (QSA). |
| **Question 10** | Can you clarify if standalone energy storage is eligible to participate? |
| **Answer 10** | Please see the answer to question 1, above. |
| **Question 11** | We own transmission for SPP to one of the ERCOT DC ties. Are we able to participate in the ERCOT winter capacity RFP using this transmission? Any details regarding timelines, requirements[,] etc[.] would be appreciate[d]. |
| **Answer 11** | DC ties are not eligible to participate because the supply of power to the ERCOT region over these lines cannot be guaranteed during an emergency. |
| **Question 12** | 1. Would ERCOT entertain the possibility of connecting TM 2500 mobile generators at the generation resource sites listed in categories 1-3 in lieu of or in combination with the existing but mothballed generation?    1. These TM 2500 have the following requirements:       1. Existing Electrical Interconnection          1. Is an existing GSU available with capacity available on 13.8kV bushings?  Need roughly 35 MVA per unit.          2. If not, what is the interconnect voltage and we’ll go find a grey market unit if possible.       2. Natural gas access at a minimum of 475 psig       3. Depending on the air emissions limitations, is demineralized water available at 25 gpm per unit?          1. If not, is raw water available at roughly 40 gpm per unit? Rental demin trailers can be provided.    2. Schedule Timing       1. Introduction to the QSE and Resource Owners to evaluate the commercial interest in hosting these mobile generators at those generation resource sites       2. Development of commercial agreement with the Resource Owners       3. Development of RMR agreement between the Resource Owner and ERCOT per the terms of the RFP       4. Mobilization and installation of the mobile generators require ~2-3 weeks 2. TM 2500 Description    1. 31 MW per unit at ISO conditions    2. 12 dth/MWh HHV heat rate    3. 10 minute start ramp    4. 1 hour minimum run time; 1 hour minimum downtime    5. 100 ft x 50 ft of space for the CTG and controls trailer |
| **Answer 12** | New mobile generators that would be interconnected at existing or retired stations and that are not already in the interconnection process are not eligible to be awarded through this RFP because it would be impossible to timely meet all interconnection requirements in the Planning Guide, including review in the QSA process. |
| **Question 13** | Would ERCOT consider firm transmission rights sourcing SPP and sinking ERCOT across North and/or East DC tie as an eligible source of capacity related to this RFP? |
| **Answer 13** | Please see the answer to Question 11, above. Capacity outside of ERCOT is not eligible to participate in this RFP because the supply of power to the ERCOT region over the DC ties cannot be guaranteed during an emergency. |
| **Question 14** | Your current timeline does not align with ERS procurement. This creates the very real risk that sites do not clear either the Capacity RFP or the ERS Auction, which could cause some Demand Response capacity to not be available to ERCOT during this time of urgent need. Is it possible to coordinate or co-optimize this process with ERS? For example, would the timeline be moved up for DR resources so that we know whether to offer uncleared resources into ERS? |
| **Answer 14** | Revising the procurement timelines for these two services will not be possible. |
| **Question 15** | The current performance calculation (section 3.8) does not mention a baseline and makes it sound like “actual MWh” is just the resource’s consumption. Does the M&V section for Demand Response resources need to be amended to align with proper methodologies outlined in ERCOT ERS protocols? |
| **Answer 15** | Please note that ERCOT is planning to post amendments to the RFP and other related documents on Monday, October 23, 2023; among those amendments will be changes to the Governing Document to provide for evaluation using baselines. |
| **Question 16** | Dispatch duration was not mentioned in the RFP. Is ERCOT able to provide guidance on what the max dispatch duration would be under this procurement? Is it possible to align that duration with the existing ADER protocols for Demand Response? |
| **Answer 16** | The shortest block of hours of operation is 6 hours. All Capacity Sources must be able to provide the capacity for at least 6 hours in a row. The Governing Document has more detailed information on the hours of operation. The hours of obligation in the RFP are driven by operational needs.  Please note that ERCOT is planning to post amendments to the RFP and other related documents on Monday, October 23, 2023; in those amendments, ERCOT intends to permit Entities with eligible energy storage facilities to choose among multiple options for hours of obligation when submitting offers. |
| **Question 17** | In the Market Notice there is a note that only there are only 4 types of capacity allowed …..   1. Mothballed Dispatchable Generation Resources (as of December 1, 2023): 2. Seasonally Mothballed Dispatchable Generation Resources (as of December 1, 2023): 3. Dispatchable Generation Resources that have decommissioned since December 1, 2020: 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.   For 1-3 is this specific to the generator themselves or is this specific to only the interconnection point.  Meaning if you can mobilize generation to that interconnection point and there is space available could you place temporary power supply at site?  For number 4 – Does the SS, FIS and IA have to be completed to qualify.  – If so[,] where could we find a list of owners of those in the queue? |
| **Answer 17** | These requirements are specific to the Generation Resource. Any new Generation Resource or Energy Storage Resource would need to comply with all interconnection requirements in Section 5 of the Planning Guide. |
| **Question 18** | 1MW minimum sizing requirement  This is the sizing requirement for utility scale generation. For Demand Response Capacity Sources, this requirement is cumbersome for residential DR. The minimum size for DR should follow the ADER pilot or requirements in other markets, such as CAISO which is all 100KW. Can ERCOT lower the bid volume threshold to allow residential DR capacity resources to participate? |
| **Answer 18** | The minimum offer was set at 1 MW based on a level that would be feasible for ERCOT to administer. Performance for small Residential aggregations cannot be accurately quantified. |
| **Question 19** | 6 hours duration requirement  All four categories require a 6-hour duration which is impractical for Demand Response Capacity Sources, especially for residential battery assets. The duration requirement should be shortened to 2 or 4 hours in accordance with the ADER pilot or duration requirement in other ISOs.  In a DR aggregation, a single resource doesn’t need to be available for the entire period in each category. For example, a 1MW DR aggregation with one battery and one C&I flexible load resource. When it provides capacity between HE18 and HE23, the battery will provide 1MW between HE18 and HE19 and the C&I load resource will provide 1 MW load reduction between HE19 and HE23. From ERCOT perspective, you will be receiving the same 1MW capacity attribute. Can ERCOT clarify this duration requirement in the RFP amendment and remove the barriers for residential DRs to participate? |
| **Answer 19** | This requirement is driven by operational needs. Performance for a DR Capacity Source will be based on premise-level load reductions. An aggregation of Sites that meets all the eligibility requirements and uses behind the meter batteries to achieve premise-level load reductions is eligible to participate. |
| **Question 20** | Customer written authorization and site information submission[:]  The RFP requires the resource entity to obtain written authorization from each customer before getting awarded in the RFP process for Demand Response Capacity Sources. This creates onerous challenges for residential VPP aggregators since we typically recruit customers after having resource commitment locked in with ERCOT, not the vice versa. When slicing the volume for the Demand Response Capacity Sources, the VPP aggregators will take into account the number of existing projects, the forecasted enrollment rate, and performance forecast, etc. The financial consequences also ensure the VPP aggregators correctly slice the volume and not over commit in the RFP process.  Hence, the resource entity shouldn’t need to obtain customer authorization in the RFP process. And accordingly, the Demand Response Capacity Sources site information should also be submitted to ERCOT after resource entities executing the contract with ERCOT. The site information will be shared with ERCOT during the enrollment process after resource entities conclude the enrollment campaign with the customers.  Can ERCOT remove the requirement of providing customer authorization and site information in the RFP responses, instead, requiring this information during the resource enrollment process? |
| **Answer 20** | Site information is required as part of an Entity’s offer because ERCOT must have the ability to confirm that the same Demand response is not included in multiple offers. This confirmation must occur before awards may be made.  Additionally, there must be communication between the offering Entity and the end-use customers that would be providing the Demand Response capacity prior to the aggregated capacity being offered. Without that communication, the offering Entity would not be certain of the customers’ ability and willingness to participate; their existing or planned participation in other DR services like ERS, REP DR programs, the TDSP LM programs, etc. In addition, once ERCOT procures Demand Response Capacity Sources there will not be time in the schedule for the offering entity to update, and for ERCOT to re-verify, multiple sites included in the Demand Response Capacity Source Site Information form prior to the service start date. |
| **Question 21** | Resource mix for Demand Response Capacity Sources  It’s not mentioned in the RFP, but a resource entity should be able to aggregate different types of technologies, including but not limited to smart thermostats, solar and batteries, EV chargers, as long as they can satisfy the product requirements defined in the RFP governing doc. Can ERCOT make the clarification on resource mix for the DR aggregation? |
| **Answer 21** | A DR Capacity Source may include different technologies. |
| **Question 22** | M&V for BTM solar and battery  Since behind the meter solar and battery can export to the grid and these assets can operate independently against the host load, the performance of this type of assets should rely on inverter data which is measured by revenue grade meters. Utility interval meter data is not needed to calculate performance here.  Can ERCOT make the clarification for measurement and verification (M&V) method for behind the meter battery? |
| **Answer 22** | The performance of Sites in DR Capacity Sources with onsite generation/storage will be based on premise-level load. |
| **Question 23** | The format of DR standby price  Given the product nature of standby capacity, the offer price for the Demand Response Capacity Sources should be in $/kW-season rather than in $/kWh. The DR resources will establish their performance (in KW) depending on their average performance over the event window during the three months of winter season.  Besides the option of offering the bid price in the $/kW/h format, can resource entities provide their bid price in $/kW/winter as a capacity pricing format? |
| **Answer 23** | DR Capacity Sources may be offered for different Contract Periods and/or Hours of Obligation. ERCOT chose a $/MW format to facilitate the comparison between offers. |
| **Question 24** | What is the minimum duration and hours of obligation? ERCOT paper identified 8AM as the highest risk hour, does that mean that resource should be available for the hour with scarcity? |
| **Answer 24** | This question is a duplicate of question 7. Please see the answer to question 7, above. |
| **Question 25** | Does a 1-hour duration BESS resource qualify to participate? |
| **Answer 25** | This question is a duplicate of question 8. Please see the answer to question 8, above. |
| **Question 26** | We have a resource that will be energized mid-December 2023 but won’t qualify for Ancillary Service until March 2024. This resource will be able to provide energy. Does this resource qualify? |
| **Answer 26** | This question is a duplicate of question 9. Please see the answer to question 9, above. |
| **Question 27** | Can ERCOT publish the 25 highest-priced Settlement Intervals during the 2022-23 winter Peak Load Season? |
| **Answer 27** | ERCOT is amending the Governing Document and changing the method for determining price responsiveness. The method will now assess response during high-price events (specifically, when prices were more than $200 for 4 or more consecutive intervals). |
| **Question 28** | What Load Zone is used to determine the 25 highest-priced Settlement Intervals for a DR Capacity Source? |
| **Answer 28** | ERCOT is amending the Governing Document and changing the method for determining price responsiveness. The method will now assess response during high-price events (specifically, when prices were more than $200 for 4 or more consecutive intervals) during the period starting on December 1, 2022. |
| **Question 29** | Can a retail customer that partially curtailed during the 25 highest-priced Settlement Intervals participate as a DR Capacity Source with the remaining capacity available? |
| **Answer 29** | ERCOT is amending the Governing Document and changing the method for determining price responsiveness. The method will now assess response during high-price events (specifically, when prices were more than $200 for 4 or more consecutive intervals) during the period starting on December 1, 2022. |
| **Question 30** | How does a DR Capacity Source receive payment from ERCOT if it is not represented by a QSE? If a customer participates directly in the program, how will ERCOT issue payment? |
| **Answer 30** | ERCOT will establish a direct relationship with the participant during the RFP process and wire payment to the participant after evaluation of performance is completed. |
| **Question 31** | Can a Load Resource that participated in an ancillary service with a lower capacity amount and has additional incremental MW capacity available participate by offering in the additional incremental capacity to this winter capacity procurement? |
| **Answer 31** | No, this would be problematic for ERCOT to verify the incremental capacity was deployed during a deployment event and not the historical Ancillary Service capacity.  A Site in a DR Capacity Source offer consisting of an ESIID associated with a Load Resource that has participated in the last two years will be ineligible to participate in this service. |
| **Question 32** | Can critical loads with backup generation participate by offering in the MW amount provided by the backup generation? |
| **Answer 32** | A customer with critical load without backup generation may not provide this service. A customer with critical load with backup generation may provide the service, but the performance of such a DR Capacity Source will be evaluated using premise-level load. Export to the grid will not be considered when evaluating the performance. |
| **Question 33** | Can ERCOT be more specific about the circumstances that would lead it to refer non-performance to PUCT for enforcement? |
| **Answer 33** | ERCOT may refer an Entity to the staff in the Division of Compliance and Enforcement of the PUCT for recommended investigation when ERCOT has reason to believe the Entity materially failed to perform its obligations under the applicable Contract for Capacity or the Governing Document. Examples of material performance failures include, but are not limited to, failing to make available the amount of awarded capacity to ERCOT by the date required under the applicable Contract for Capacity, by failing to meet the minimum availability requirements applicable to the type of Capacity Source (such availability requirements are described in the Governing Document), or by failing to provide the awarded amount of generation or Demand response when Dispatched by ERCOT. |
| **Question 34** | Can an aggregated DR Capacity Source have sites located anywhere in ERCOT, or are aggregations limited to particular zones? |
| **Answer 34** | Sites within an aggregation are not limited by location; the Winter 2023-24 Contract for Capacity is in response to a system-wide need. |
| **Question 35** | How will ERCOT establish the baseline against which demand reductions are measured for DR Capacity Sources? |
| **Answer 35** | Baselines will be determined using one of the methodologies described in the ‘Demand Response Baseline Methodologies’ document at the following URL: https://www.ercot.com/services/programs/load |
| **Question 36** | How will ERCOT allocate the costs of the procurement? |
| **Answer 36** | All Standby Payments will be allocated on an Hourly Load Ratio Share basis. |
| **Question 37** | Please specify a maximum total cost cap for the total procurement for the program that ERCOT will not exceed to allow for the retail market to estimate cost impacts (i.e. $100 million). |
| **Answer 37** | ERCOT will evaluate offers and make awards based on the greatest reliability benefit for the total expected cost in aggregate. These considerations would include a reduction in risk of entering into emergency conditions, factors specific to the Capacity Sources being offered, and their potential for being available. At this time, ERCOT does not intend to specify a total cost cap in advance of reviewing offer submissions. |
| **Question 38** | ERCOT states that it reserves the right to reject uneconomic offers, even if that results in the procurement clearing fewer than the sought 3,000 MWs. Can ERCOT explain whether it will use the market’s Value of Lost Load as a measure of an offer’s economics or, if not, specify on what other basis ERCOT will use to reject an offer because it is uneconomic? |
| **Answer 38** | ERCOT will evaluate offers and make awards based on the greatest reliability benefit for the total expected cost in aggregate. These considerations would include a reduction in risk of entering into emergency conditions, which is related to the Value of Lost Load, but also factors specific to the Capacity Sources being offered and their potential for being available. |
| **Question 39** | Will ERCOT employ a numerical offer price cap, or otherwise impose a methodology that results in an effective offer price cap for the purpose of this procurement? |
| **Answer 39** | ERCOT will evaluate offers and make awards based on the greatest reliability benefit for the total expected cost in aggregate. These considerations would include a reduction in risk of entering into emergency conditions but also factors specific to the Capacity Sources being offered and their potential for being available. At this time, ERCOT does not intend to specify a specific offer cap in advance of reviewing offer submissions. |
| **Question 40** | Will demand response resources deployed under this program be incorporated into the Reliability Deployment Price Adder? |
| **Answer 40** | Currently, the ERCOT Protocols do not contemplate an adjustment to the Reliability Deployment Price Adder for Demand Response contracted under ERCOT Protocols § 6.5.1.1(4), and ERCOT has not identified a reliable, consistent mechanism for incorporating these deployments into the process. |
| **Question 41** | Will ERCOT conduct a similar capacity procurement going forward for future high load periods (future summer and winter periods)? |
| **Answer 41** | ERCOT does not currently have plans to conduct additional capacity procurements. However, ERCOT continuously assesses future system needs and reserves its right to exercise its authority under the Protocols to seek to procure additional capacity for future seasons, if warranted under future system conditions. |
| **Question 42** | Please provide the exact settlement formula that will be used to calculate the payment for DR Capacity Sources considering the adjustment based on its availability and event/test performance. |
| **Answer 42** | The Standby Payment for a DR Capacity Source will be determined as follows:  Total MW awarded X Offer price ($/MW) / Hours of Obligation. The Standby Payment may be adjusted by performance metrics as described in the Governing Document. |
| **Question43** | The Governing Document states that “For each ERCOT test or deployment of a DR Capacity Source, ERCOT may calculate an event performance factor…” Under what circumstances will ERCOT NOT calculate an event performance factor? |
| **Answer 43** | If the period of deployment does not contain at least one full interval, performance for that event will not be calculated. |
| **Question 44** | Can residential customers in the competitive retail market participate through an aggregation if they did not respond to price during 25 highest-priced Settlement Intervals during the 2022-23 winter Peak Load Season? |
| **Answer 44** | Residential customers may participate if they meet the eligibility requirements detailed in the Governing Document. ERCOT is amending the Governing Document and changing the method for determining price responsiveness. The method will now assess response during high-price events (specifically, when prices were more than $200 for 4 or more consecutive intervals) during the period starting on December 1, 2022. |
| **Question45** | Can residential customers in the competitive retail market participate through an aggregation if they did not respond to price during 25 highest-priced Settlement Intervals during the 2022-23 winter Peak Load Season but joined a price-based retail DR product after the 2022-2023 winter Peak Load Season? |
| **Answer 45** | No, if a customer is currently participating in a price-based retail DR product it is not eligible to participate. |
| **Question 46** | Can residential customers in the competitive retail market participate through an aggregation if they did not respond to price during 25 highest-priced Settlement Intervals during the 2022-23 winter Peak Load Season but are on a price-based retail DR product for summer only? |
| **Answer 46** | No, if a customer has participated in a price-based retail DR product at any time in the last two years it is not eligible to participate. |
| **Question 47** | How will ERCOT verify the MW quantity for a residential aggregation DR Capacity Source during qualification? |
| **Answer 47** | ERCOT will use historical interval data to determine the likelihood that an offered DR Capacity would meet the required availability requirement. Please note that ERCOT is planning to post amendments to the RFP and other related documents on Monday, October 23, 2023, and in those amendments, more detail will be provided regarding this evaluation. |
| **Question 48** | How will ERCOT verify and measure performance for a residential aggregation DR Capacity Sources during testing or called events? |
| **Answer 48** | Baselines will be determined using one of the methodologies described in the “Demand Response Baseline Methodologies” document that is provided at the following URL: <https://www.ercot.com/services/programs/load>. |
| **Question 49** | How will ERCOT verify and measure the performance of single site DR Capacity Sources? Meter-before, meter-after? What baseline methodology is being used? Is there a specific methodology like ERS? |
| **Answer 49** | Baselines will be determined using one of the methodologies described in the “Demand Response Baseline Methodologies” document that is provided at the following URL: <https://www.ercot.com/services/programs/load>. |
| **Question 50** | Why is there no provision made to differentiate weekdays vs weekends? Load varies weekday vs weekend not just morning or night. |
| **Answer 50** | Baselines will be determined using one of the methodologies described in the ‘Demand Response Baseline Methodologies’ document that is provided at the following URL: <https://www.ercot.com/services/programs/load>. Those methodologies do differentiate by day-type. |
| **Question 51** | Please provide an example of a DR Capacity Site with multiple sites, multiple time periods, multiple categories, multiple volumes, and how the event performance would be calculated? |
| **Answer 51** | ERCOT will only make awards based on offers submitted, and awards can only be made for one category among those offered. |
| **Question 52** | Time periods don’t appear factored into the DR Source site information sheet. |
| **Answer 52** | Time Periods are specified in the Offer Sheet. |
| **Question 53** | What is ERCOT trying to determine from the minimum deployment time in the Operating Parameters section of the DR Capacity Source Offer Sheet? |
| **Answer 53** | The minimum deployment time is not required and is being deleted from the offer sheet. |
| **Question 54** | What is the definition of an “LSE program”? |
| **Answer 54** | A Demand response program offered by a Retail Electric Provider or NOIE LSE, including any program that has been reported to ERCOT in the annual Demand response survey. |
| **Question 55** | What happens If two entities enroll the same ESI ID as a DR Capacity Source? |
| **Answer 55** | As reflected in the Governing Document–, if the same ESI ID is offered in more than one DR Capacity Source, ERCOT will reject the second and later offers that include the same ESI ID as was previously offered.  Please note that to the extent an entity submitted an offer before the offer deadline and time for ERCOT review and rejection permits, ERCOT will endeavor to send notices of Site ineligibility in advance of the offer deadline, so the entity may consider whether to submit a revised offer by the offer deadline. |
| **Question 56** | Will ERCOT disclose Demand Response Capacity Source Site Information when publishing awards or only the Demand Response Capacity Source name? Will any customer specific information be disclosed like name, address, price, award terms etc.? What information will be public? |
| **Answer 56** | ERCOT will publicly disclose the names of Demand Response Capacity Sources. However, ERCOT will protect the privacy of end-use customers’ consumption information. Therefore, pricing and other award terms (such as amounts of capacity awarded) will only be provided in aggregated formats that do not individually identify end-use customers. |
| **Question 57** | Section 3.6.2.3 of the RFP discusses a development plan/Gantt chart regarding capacity sources to be provided with the RFP response. In order to provide all the information ERCOT is seeking, could you provide a sample development plan/Gantt chart? |
| **Answer 57** | ERCOT is looking for information that describes the steps needed to make the offered Capacity Source available by the proposed start date and establishes the feasibility of those steps, including without limitation, any necessary permits, government or utility approvals and interconnections, project financing, and modifications or additions of plant equipment. We would also like to be informed of any key dependencies. A “classic” Gantt Chart with a listing of tasks on the Y axis and the duration of on the X axis, and each task represented by a bar, should be sufficient for the submittal. |
| **Question 58** | How will ERCOT administer the 2-year participation restriction for customers participating in ERS and as Load Resources in ancillary services? What is the date the restriction starts? If a customer stopped participating in ERS or as a Load Resource in ancillary services in December of 2021 would they be eligible to participate in the program? |
| **Answer 58** | If a Site has participated in any Demand resource service since December 1, 2021 the Site will be ineligible to participate in this service.  Please note that, to the extent an entity submitted an offer before the offer deadline and time for ERCOT review and rejection permits, ERCOT will endeavor to send notices of Site ineligibility in advance of the offer deadline, so the entity may consider whether to submit a revised offer by the offer deadline. |
| **Question 59** | Pursuant to Winter 2023-2024 Contract for Capacity Governing Document Section 1.1(5)(a), Page 4, “Each Generation Resource must be available all hours of every day during the Contract Period.” How will ERCOT address a Generation Resource’s operational limitations, such as a Forced or Maintenance Outage, provided that any operational limitations are communicated to ERCOT and addressed in a timely manner? If an operational issue is identified, can the Generation Resource schedule an outage to address during a Maintenance Outage? If so, how does this impact the incentive payment? |
| **Answer 59** | The Governing Document describes the methodology used to determine the Reliability Must-Run Rolling Equivalent Availability Factor and the Reliability Must-Run Availability Reduction factor. Each hour that the Generation Resource is not available, based on its COP status, regardless of the reason, will be considered in this calculation. Please note that per Protocols Section 6.6.6.1(3), the Reliability Must-Run Availability Reduction Factor only impacts the Incentive Factor, the eligible costs will be paid in full. |
| **Question 60** | Pursuant to Winter 2023-2024 Contract for Capacity Governing Document Section 1.2, Page 4, if there is a material failure to perform, including a termination of the Contract for Capacity, does this relieve ERCOT from paying the Capacity Source O&M fees that were agreed upon, to be ready for Winter 2023-2024, or is there solely a reduction in the Incentive Factor? |
| **Answer 60** | If the Contract is terminated there will be no further payments after the termination date. Payments already made will not be clawed back except for any reductions based on performance metrics. |
| **Question 61** | Pursuant to Winter 2023-2024 Contract for Capacity Governing Document Section 2.1(5), Page 5, will ERCOT utilize the DA forecast to request the Generation Resource Capacity Source come online, if the Generation Resource Capacity Source has long startup lead times? |
| **Answer 61** | ERCOT will consider the day-ahead forecast and the lead times for contracted Generation Resources when determining whether and when to dispatch these Generation Resources. |
| **Question 62** | Pursuant to Winter 2023-2024 Contract for Capacity Governing Document Section 2.1(5), Page 5, will ERCOT allow a Generation Resource to be bid into the DA Market if ERCOT feels that capacity resources are low? |
| **Answer 62.1** | No. A Generation Resource Capacity Source shall be committed only through a RUC VDI and shall not operate except when committed by ERCOT. |
| **Question 62** | Pursuant to Winter 2023-2024 Contract for Capacity Governing Document Section 2.2(1), Page 6, how does the Generation Resource Capacity Source Owner get compensated for fuel when no contract currently exists? |
| **Answer 62.2** | If a Generation Resource is dispatched by ERCOT to meet its Capacity Source’s obligation under the Contract, ERCOT will pay the Resource an energy payment based on the fuel rates provided in the Generation Resource Offer Sheet multiplied by the Fuel Index Price (FIP) plus Fuel Adder (FA).  However, the QSE representing the Generation Resource may file actual fuel costs if these exceed the calculations described above — for example, if the actual price paid is higher than FIP plus FA. |
| **Question 63** | Pursuant to Winter 2023-2024 Contract for Capacity Governing Document Section 2.2(5), Page 7, shall the Incentive Factor never be less than zero, similar to an RMR Agreement? |
| **Answer 63** | That is correct; the Incentive Factor cannot be less than zero. |
| **Question 64** | Pursuant to Winter 2023-2024 Contract for Capacity Governing Document Section 2.3(1), Page 7, does ERCOT foresee the need to conduct a Capacity Test during the Contract for Capacity term? |
| **Answer 64** | Yes, it is possible. (Please note, the cited section references a Generation Resource Capacity Source.) |
| **Question 65** | Pursuant to Winter 2023-2024 Contract for Capacity Governing Document Section 2.2(5), Page 7, does ERCOT foresee the need to conduct a Capacity Test during the Contract for Capacity term? |
| **Answer 65** | Yes, it is possible. (Please note, the cited section references a Generation Resource Capacity Source.) |
| **Question 66** | Pursuant to the Offer Sheet Template for a Generation Resource Capacity Source Section 4 Total Eligible Costs, Page 3, will Generation Resources be able to recover winter preparation regulatory compliance costs associated with PUCT Rule §25.55. Weather Emergency Preparedness, as well as any and all O&M costs that are incurred prior to the start date of the Contract for Capacity for Winter 2023-2024 with ERCOT? |
| **Answer 66** | A Generation Resource that is offering should consider all costs and include those in determining how much to offer to provide the service. No additional payments will be considered outside of the Standby Payment. |
| **Question 67** | Pursuant to Offer Sheet Template for a Generation Resource Capacity Source Section 1(E) Description of Generation Resource, Page 1, is a Generation Resource that is currently mothballed as of December 1, 2023, but subsequently decides to execute a Contract for Capacity for Winter 2023-2024, required to submit a Notification of Change of Generation Resource Designation to ERCOT, pursuant to ERCOT Nodal Protocols Section 22, Attachment H? |
| **Answer 67** | Yes, under ERCOT Protocols Section 3.14.1.9, a Generation Entity with a mothballed Generation Resource that is the subject of a contract for capacity under this RFP should submit a completed Notification of Change of Generation Resource Designation form (ERCOT Protocols Section 22, Attachment H). |
| **Question 68** | The Request for Proposals for Contracts for Capacity Section 2.3 Payments, Page 9, contains the following statement, which mentions a potential “clawback”: “Failure by any Entity to provide the contracted service will result in withholding or claw-back of all or part of the payment pursuant to the Governing Document and the Contract for Capacity and may subject the Entity to enforcement action by the Public Utility Commission of Texas, among other remedies that may be provided in the Contract for Capacity, the Governing Document, and this RFP.” But the Contract template and the Governing Document do not mention clawback, nor do the Protocols or standard form agreement governing RMRs. Thus, please explain what will govern ERCOT’s decision-making regarding when and how to implement any “clawback.” |
| **Answer 68** | Please refer to the Governing Document sections regarding Standby and Energy Payments for Generation Resource Capacity Sources and Standby Payments for Demand Response Capacity Sources. Additionally, ERCOT is planning to post amendments to the RFP and other related documents on Monday, October 23, 2023, and in those amendments, several clarifications and changes related to ESRs are expected. The expected amendments will likely include discussing Standby Payments for ESR Capacity Sources. |
| **Question 69** | Can ESRs participate in the RFP? If so, what are the requirements for participation? |
| **Answer 69** | Yes. This question is similar to question 1. Please see the answer to question 1, above. |
| **Question 70** | At what stage of development is capacity considered existing, or new and eligible for the RFP? |
| **Answer 70** | A potential Dispatchable Generation Resource or ESR that is currently in the interconnection queue; had a projected synchronization date as of October 2, 2023 that was after January 9, 2024; and for which the submittal of Commissioning Checklist Part 2 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, is new and eligible to offer its capacity under this RFP.  New Demand Response Capacity Sources are those that have not participated in a DR program since December 1, 2021 and have not been price responsive. Please refer to answers to prior questions regarding price responsiveness for more detail. Please note that new customers that were energized on or after May 1, 2023 are not eligible to provide the service due to insufficient data to demonstrate the Load is not price responsive. |
| **Question 71** | Can an ESR commit capacity for specific hour blocks? |
| **Answer 71** | An ESR Capacity Source can specify in its offer the specific hours (among those options offered in the offer sheets) for which it is committed. An ESR Capacity Source is limited to only inject when instructed by ERCOT. |
| **Question 72** | Can an ESR commit a portion of its capacity to ensure it can sustain discharge for the required duration? |
| **Answer 72** | It is required that the ESR Offer quantity is no more than the MW output level that can be maintained for 6 hours. During Non-Hours of Obligation, the ESR shall submit Bid to Buy curves in order to bring its State of Charge up to the required level so that it can perform for the entire next block of Hours of Obligation if instructed to do so. |
| **Question 73** | Does the Entity providing DR Capacity need to be registered with ERCOT (QSE etc.)?   * Winter 2023-24 Contract for Capacity Governing Document—Section 3 page 8 |
| **Answer 73** | No, registration with ERCOT is not required. |
| **Question 74** | Is a DR Capacity Source with an ESI ID is associated with a critical load but the critical load has backup generation is it available? (Similar to Load Resource Attestation form)   * ERCOT Contracts for Capacity RFP Winter 2023-24 10-2-23—Section 2.28 page 10 |
| **Answer 74** | A customer with critical load without backup generation may not provide this service. A customer with critical load with backup generation may provide the service, but the performance of such a DR Capacity Source will be evaluated using premise-level load. Export to the grid will not be considered when evaluating the performance. The surplus exported to the grid is not eligible to be offered. |
| **Question 75** | In terms of Standby Payment, does payment begin Dec 1 or when contract is signed?   * Winter 2023-24 Contract for Capacity Governing Document—Section 3.3 pg 9 |
| **Answer 75** | The Standby Payment for Generation Resource Capacity Sources begins with the contracted start date for the service. Standby Payments for Demand Response Capacity Sources will occur after the final settlement has occurred for the calendar month and performance has been evaluated. |
| **Question 76** | Does the limit of 3 deployments per Contract Period relate to the DR category? Ex. Choose DR Category 4---then only expect a max of 3 combined deployments in across both HE5-10 and HE18-23   * Winter 2023-24 Contract for Capacity Governing Document—Section 1.1.4 page 3 |
| **Answer 76** | Yes. Note that ERCOT is planning to post amendments to the RFP and other related documents on Monday, October 23, 2023, and in those amendments, several clarifications and changes related to Energy Storage Resources are expected. The expected amendments will likely provide a new separate Energy Storage Resource Capacity Source Offer Template and also revise the Hours of Obligation categories available for ESRs. The revision is also expected to NOT have a limit on how many times ERCOT may call on a ESR Capacity Source, but ERCOT will refrain from dispatching an ESR Capacity Source to provide service outside of the Hours of Obligation. |
| **Question 77** | Is the DR Capacity Source Monthly Availability Calculations performed on each meter or at the aggregation level? (ex. Allows for load offset between meters in aggregation)   * Winter 2023-24 Contract for Capacity Governing Document—Section 3.7.1 pg 13 |
| **Answer 77** | Availability will be calculated for the Contract Period at the aggregated level. |
| **Question 78** | If DR Capacity Source doesn’t have an IDR meter installed, will ERCOT accept a DR Capacity Source with alternative meter data solutions?   * Winter 2023-24 Contract for Capacity Governing Document—Section 3.6 pg 12 |
| **Answer 78** | Yes, Sites will be required to have premise-level IDR metering; the amended Governing Document will detail alternatives for such metering. |
| **Question 79** | Is DR Capacity Source deemed ineligible if the resource has never been enrolled in a Winter DR Program but participates in Summer DR Programs? In this case, the DR Capacity Source is providing incremental Winter DR Capacity via the RFP.   * Winter 2023-24 Contract for Capacity Governing Document—Section 3.4.4 pg 11 |
| **Answer 79** | If a Site has participated in a DR program since December 1, 2021, it is ineligible to participate in this program. |
| **Question 80** | Could a standalone or aggregated fleet of utility-scale energy storage resources participate in the Demand Response RFP? |
| **Answer 80** | Please see the answer to question 2, above. |
| **Question 81** | Does ERCOT see value in a standalone or aggregated fleet of utility-scale storage committing to not charge during a demand response time period (hours ending 0500-1000 or 1800-2300)? If so, what type of agreement would the resource owner be expected to enter into with ERCOT to provide this service/commitment? |
| **Answer 81** | No. ESRs are already receiving charging Base Points based on the bid to buy curve they have submitted. Similarly, the smaller energy storage assets are already likely determining when to charge based on Real-Time prices. The consumption by these devices has already been assumed to be price responsive. |
| **Question 82** | Does ERCOT see value in a standalone or aggregated fleet of utility-scale storage committing to be charged up and available through a demand response time period (hours ending 0500-1000 or 1800-2300)? If so, what type of agreement would the resource owner be expected to enter into with ERCOT to provide this service/commitment? |
| **Answer 82** | Yes. The purpose of this RFP is to invite offers from Capacity Sources that have not already been assumed to be operational during the winter season and are potentially able to make available to ERCOT additional capacity for this winter season. If a contract for capacity is awarded to an ESR Capacity Source through this RFP, ERCOT will have the right to call for the Capacity Source and the Resource will have the obligation to be ready (with sufficient State of Charge) to deliver the contract MW level for up to 6 hours in a row. |
| **Question 83** | Which hour ending period, 0500-1000 or 1800-2300, would coverage from a standalone or aggregated fleet of utility-scale energy storage resources be most valuable to ERCOT? |
| **Answer 83** | Neither period is considered more valuable than the other since each has the risk of high loads occurring when solar generation is not available. Additionally, the value of awarded capacity will depend in part on the amounts of capacity offered for each time period. |
| **Question 84** | Which Load-Zone(s) are most attractive for ERCOT under this RFP? |
| **Answer 84** | This is a procurement based on system-wide need; there is no preference based on location. |
| **Question 85** | If dispatched in the demand response program (Maximum of 3 deployments, 18 hours total), would a standalone or aggregated fleet of utility-scale storage realize real-time market prices? |
| **Answer 85** | Small, unregistered energy storage systems may be aggregated and the aggregate can participate as a DR Capacity Source. An aggregation of small, unregistered energy storage systems must submit the DR Capacity Source Offer Sheet. The sites with the energy storage systems that inject at the site need to have the correct profile code for the site. Any reduction in Load lowers the quantity of Load that is charged the zonal price and any net injection from the site is seen as negative load. Note there is no energy payment for the DR Capacity Sources per the contract for capacity. The QSE representing the load will realize the benefit of lower load and negative load. The entity that aggregated the small, unregistered energy storage systems is paid the Standby payment specified in the contract for capacity. The surplus net injection is not eligible to be offered. |
| **Question 86** | Would demand response resources have to forgo ancillary service participation during committed demand response time periods (hours ending 0500-1000 or 1800-2300)? |
| **Answer 86** | Yes. Sites currently participating as Load Resources are not eligible to participate in a DR Capacity Source. |
| **Question 87** | Question topic 1):   * related to topic:  ERCOT RFP for capacity during Winter 2023-24 * related to document:  “Winter 2024-24 Contract for Capacity Governing Document 10-2-2023”   + <https://www.ercot.com/files/docs/2023/10/02/Winter-2023-24-Contract-for-Capacity-Governing-Document-10-2-23.docx> * In this document related to section:  “Section 3 Standards for demand response capacity sources”   + in this section the statement is made:  “A DR Capacity Source need not be represented by a QSE for the purposes of a Contract for Capacity.”   + Specific question 1a: In light of this statement please confirm if this means that a retail electric customer can directly contract with Ercot such that no QSE or REP (retail electric provider) necessarily needs to be involved in the Contract for Capacity.  If this is the case will the retail customer get direct payment from Ercot for an accepted DR capacity offer ( subject to defined event performance, etc)?   + Specific question 1b:  If it is indeed true that a retail electric customer can directly contract with ercot for a DR capacity offer, will the retail electric customer itself be named as the Entity receiving the award. |
| **Answer 87** | 1a. Yes, in the case of DR offered by a customer that meets the qualification requirements, ERCOT and the customer may directly contract and the payment would be provided to the customer. 1b. Yes, the customer would be identified as the Entity receiving the award. |
| **Question 88** | Question topic 2):   * related to topic:  ERCOT RFP for capacity during Winter 2023-24 * related to document/notification: “M-A100223-01 Issuance of Request for Proposals for Capacity for Winter 2023-24 under ERCOT Protocols Section 6.5.1.1(4)   + related to statement in this document/notification: “ERCOT will issue a Market Notice on November 23, 2023 identifying the Entities receiving awards along with the relevant MW quantities and prices awarded.”   + Specific question 2a :  If the retail electric customer is the direct applicant for an accepted DR capacity offer, will the retail electric customer itself be identified as the Entity receiving the award?   + Specific question 2b :  if a QSE is the direct applicant for an accepted DR capacity offer, will the QSE be identified as the Entity receiving the award?  And in this case would the retail electric customer owning the Site or Sites not be identified in the award?   + Specific question 2c:  if another qualifying party is the direct applicant for an accepted DR capacity offer will this other qualifying party be the identified as the Entity receiving the award ? And in this case would the retail electric customer owning the Site or Sites not be identified in the award? |
| **Answer 88** | 2a. Yes, if the retail electric customer submits an offer that is accepted, the customer will be identified as the Entity receiving the award. However, customer consumption information would not be disclosed.  2b. Yes, if a QSE submits an offer that is accepted and the QSE is the entity that contracts with ERCOT, then the QSE will be identified as the Entity receiving the award. Site information may be disclosed, but customer consumption information would not be disclosed.  2.c. Yes, if another qualified Entity submits an offer that is accepted, hat submitting Entity would be identified as the Entity receiving the award. Site information may be disclosed, but customer consumption information would not be disclosed. |
| **Question 89** | Are solar projects eligible for the RFP? If so, what are the requirements? |
| **Answer 89** | No. Only dispatchable Generation Resources are eligible to offer to become Generation Resource Capacity Sources. |
| **Question 90** | ERCOT states that participating “DR Capacity Sources are not eligible for Energy payments.”  Please confirm that the Load Serving Entity representing residential premises injecting during a contracted time period will still receive the real-time load zone price for any energy injections.  ERCOT states that “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.”  Please confirm that a record of an in-app acceptance / authorization to offer the Resource in a demand response program is acceptable. |
| **Answer 90** | Yes, the QSE representing the Load Serving Entity representing residential premises injecting during a contracted time period will still receive a credit for load reduction equal to the energy injections.  Yes, an in-app acceptance or authorization to offer the Source is an acceptable form of authorization in writing. Regardless of whether the acceptance is through a wet signature or an electronic signature, such as in-app, the authorization must be clear and unequivocal. |
| **Question 91** | ERCOT states that Eligible DR Capacity Sources “include individual Customers and aggregations of individual Customers served by a Transmission and/or Distribution Service Provider (TDSP).”  Please confirm either (a) that an aggregation can span multiple TDSPs and load zones or (b) aggregations must be limited to participants in a single TDSP. If aggregations can span the ERCOT system, then can ERCOT accept NOIE-level electrical location identity (rather than electrical bus)? |
| **Answer 91** | DR Capacity Source aggregations can span multiple TDSPs and Load Zones. The Site information will be amended and will not require substation information. |
| **Question 92** | Tesla Powerwalls have the ability to monitor and meter both device and premise activity with revenue grade precisions.  Please confirm that:  I. Device Level Metering be used as an alternative to a premise baseline for the calculation of capacity availability and performance.  II. Device level metering may substitute for NOIE provided metered data for NOIE located premises. |
| **Answer 92** | Sites will be required to have premise-level IDR metering, and performance will be determined using premise-level data. The amended Governing Document will detail alternatives for premise-level metering. |
| **Question 93** | ERCOT states that “ERCOT shall dispatch DR Capacity Sources during deployment events or unannounced tests by means of a verbal instruction via telephone call (ERCOT will not issue instructions via a QSE Hotline call because offering Entities may not be QSEs). The end of the instruction shall represent the start of the Ramp Period.”  Please confirm that:  I. An Offering Entity may receive a deployment signal in addition to or as an alternative to a phone call?  II. Is the ramp period 15 minutes, since the assessment is based upon achieving 95% of the obligation within the first 15-minute interval? |
| **Answer 93** | 1. Please note that ERCOT will be revising the RFP and Governing Document to clarify that dispatch of DR Capacity Sources will be done by an automated messaging system rather than by telephone call. The system will request acknowledgement of receipt. DR Capacity Sources will not be deployed by VDI. 2. The ramp period is 30 minutes. The 95% requirement is measured for the first full interval (the first full 15 minutes) of the sustained response period. This will be after the ramp period. |
| **Question 94** | Can unannounced tests be constrained to a shorter window (e.g. 48-hours) so that (1) the premise / device owner can use their device for its intended purpose on days where risk of an EEA is low, and (2) the aggregator can pre-condition the device, as they would for a looming weather event (e.g. Looming winter events like Winter Storm Elliot and Winter Storm Uri we noticed far in advance of an EEA declaration.) |
| **Answer 94** | Unannounced tests will occur as described in the Governing Document; a shorter window for testing will not be implemented. |
| **Question 95** | ERCOT states that “QSEs or other Entities offering DR Capacity Sources that include Sites located in a territory served by a NOIE are responsible for arranging with the NOIE TDSP to provide ERCOT with all interval meter data that will be necessary to ensure.”  Please confirm that in lieu of submitting NOIE data, may the aggregator submit premise and/or device level interval metering from device metering? |
| **Answer 95** | Sites will be required to have premise-level IDR metering; the amended Governing Document will detail alternatives for such metering and will include an option for meter data from other than a TDSP. |
| **Question 96** | ERCOT states that “ERCOT will consider the DR Capacity Source to have been available for any 15-minute interval during its Hours of Obligation in which the DR Capacity Source’s Actual Load was greater than 95% of the DR Capacity Source’s awarded obligation; otherwise, the DR Capacity Source will be considered unavailable for that 15-minute interval. The Monthly Availability Factor will be the ratio of the number of 15-minute intervals the DR Capacity Source was available during the Contracted Month divided by the total number of obligated 15-minute intervals in the Contracted Month.”  Please provide confirmation whether as an additional and alternative method of compliance with the availability requirements proposed in the RFP V1, would ERCOT consider device level metering and state of charge to demonstrate the Availability of the Capacity Source similar to other constructs in which ERCOT has allowed for device-level metering (such as the ERCOT Aggregate Load Resource Framework and the ERCOT Aggregated Distributed Energy Resources Governing Document)? |
| **Answer 96** | Sites will be required to have premise-level IDR metering, and performance will be determined using premise-level data; the amended governing document will detail alternatives for such metering. |
| **Question 97** | Submitting precise participating residential premises in advance of an award is challenging, if not impossible to manage. Prospective participants would consider a potential offer, affirm their willingness to participate, and find out later if their aggregator was selected.  Please provide confirmation on whether as an alternative, ERCOT will consider allowing the aggregator to offer their estimated capabilities and be compensated only the capacity they deliver in real-time. This is similar to the California Public Utility Commission’s efforts to implement their Emergency Load Reduction Program (ELRP). ELRP compensates participants based upon the incremental energy they deliver after a declared grid emergency. There is no estimated capacity promised, and unavailability during a deployment is not culpable for a penalty. Residential customers, unlike wholesale market participants, enroll in grid-rescue programs based upon their availability in real-time, rather than an obligation and potential penalties.  Tesla further notes that If ERCOT does not wish to mirror California’s model to recruit load participation without a fixed quantity obligation, then ERCOT may wish to consider the substitution process allowed in ERCOT’s ERS program. The aggregator would be responsible for the premises and a quantity at the onset of the contract but could later substitute sites to achieve the promised capacity. |
| **Answer 97** | Substitutions will not be allowed in this process. |
| **Question 98** | Tesla proposes the following Enrollment Requirements changes to facilitate participation from residential battery energy storage:  i. Modify the structure of the RFP to ensure that customer sign-up/enrollment follows, rather than precedes, the contract award allowing the offering entity to build a defined and certain program. Thereby, allow for the fleet of eligible participants to grow as more customers enroll over the season, as opposed to the proposed RFP structure of pre-committing a specific set of enrolled customers in a Resource. The offering entity would still be committed to updating capability through the season.  ii. Address data collection difficulties that are more easily handled by alternative means, e.g., address the current requirement for substation information to be made available by the offering entity, which only the LSE/NOIE may have. |
| **Answer 98** | Offers will continue to require specific Site information. The contents of the Site information will be amended; NOIE Substation identification will not be required. |
| **Question 99** | Are Transmission Service Providers, as defined by the ERCOT Protocols, eligible to participate in the program? |
| **Answer 99** | No. |
| **Question 100** | Are Distribution Service Providers, as defined by the ERCOT Protocols, eligible to participate in the program? |
| **Answer 100** | No. |
| **Question 101** | A NOIE has sole discretion and exclusive jurisdiction to authorize third parties to provide services in its service territory. For Demand response Resources located in NOIE service territories, how will ERCOT ensure and verify that the Entity has written authorization from and coordinates with the NOIE to provide the Demand response Capacity services to the NOIE’s customers in the NOIE’s service territory? |
| **Answer 101** | This program involves a wholesale capacity service; therefore, a NOIE’s exclusive rights and obligations with respect to the provision of retail service in its service area are not implicated. Nonetheless, in order to be consistent with requirements for the provision of ERS and Load Resources that have been in the ERCOT Protocols for several years, an Entity offering a Demand Response Capacity Source located in a NOIE’s service area will be required to have written authorization from, and coordinate with, the NOIE. ERCOT intends to amend the RFP or other related documents accordingly. |
| **Question 102** | Will ERCOT modify the NOIE Authorization Form for QSEs Representing ERS or Load Resources to include Entities providing Demand response Capacity or will ERCOT create a new form? |
| **Answer 102** | ERCOT intends to create a new form similar to the NOIE Authorization Form for QSEs Representing ERS and Load Resources. |
| **Question 103** | Will NOIEs be subject to clawback or other enforcement action if the NOIE’s metering information regarding Demand response Capacity availability is not verifiable due to events on the NOIE’s side of the meter? |
| **Answer 103** | ERCOT will not make payments for unverified availability. If data is not available for a Site, the missing meter data will be set to zero for purposes of calculating availability. If the data is missing during a test or deployment, the Site will be deemed to have not curtailed. An entity providing DR capacity service is responsible for securing NOIE cooperation to provide ERCOT with the necessary data to determine availability.  ERCOT defers to the PUC regarding the appropriateness of any enforcement action. |
| **Question 104** | How will ERCOT ensure that any awarded Demand response Capacity is excluded from a NOIE’s seasonal Load shed allocation? |
| **Answer 104** | Transmission Operators’ Load shed allocations will remain the same. ERCOT will provide lists of participants to Transmission and/or Distribution Service Providers (TDSPs), so they may adjust their Load shed plans accordingly. Please note, this is consistent with treatment of customers providing ERS. |
| **Question 105** | Does ERCOT’s RFP allow for an aggregation of Demand response Capacity provided by a group or consortium of NOIEs in an effort to achieve the 1 MW threshold? |
| **Answer 105** | Customers in multiple NOIE service areas may be aggregated by an offering Entity to act as a DR Capacity Source, provided the offering Entity secures necessary NOIE consent. |
| **Question 106** | How is ERCOT going to prevent this being a windfall for crypto loads that interconnected after winter 2022-23 (but is nonetheless price responsive)? |
| **Answer 106** | ERCOT doesn’t allow for loads that have exhibited price responsiveness to be included as Capacity Sources for this RFP. ERCOT is seeking to procure new DR that has never responded that could be converted to responsive load for this contract period. ERCOT will be requiring data for Load that submit to ensure that is what is procured. For any load that came on after the Winter 2022-2023, data would need to be provided for the months in which the load has been operational to demonstrate it is not already a price responsive load.  ERCOT will analyze Site load for the previous 12 months to identify price responsiveness during that time. Sites that demonstrate price responsiveness are ineligible to participate. |
| **Question 107** | How will ERCOT use of these MWs be mitigated in wholesale prices? |
| **Answer 107** | There are a few processes in place that support this mitigation. First, Generation Resource Capacity Source energy offers must be at the SWCAP, including the Resource’s Mitigated Offer Cap curve. Second, deployment of these Capacity Sources will be limited to times of realized or forecasted emergency conditions. Last, the current ERCOT Protocols are designed to account for Generation Resource Capacity Source deployment through adjustments made as part of the Reliability Deployment Price Adder process.  It should be noted that the ERCOT Protocols do not contemplate an adjustment to the Reliability Deployment Price Adder for Demand Response contracted under ERCOT Protocols § 6.5.1.1(4) and ERCOT has not identified a reliable, consistent mechanism for incorporating these DR deployments into the process. |
| **Question 108** | Will generation MWs be deployed behind in-market offers under the RMR rules? |
| **Answer 108** | Yes, per ERCOT Protocols Section 6.5.1.1(4)(e) that provides:  ERCOT shall endeavor to minimize the deployment of capacity procured pursuant to this paragraph with the goal of reducing the potential distortion of markets. …….  In the event Generation Resources are committed and On-Line, ERCOT systems will generate a proxy offer for the Generation Resource at the System-Wide Offer Cap (SWCAP). The default offer will place the Generation Resources among the last for economic Dispatch, so as not to displace Generation Resources that are On-Line and offering into the market. To the extent practicable, the capacity deployed to alleviate imminent Emergency Conditions will not be used for the purpose of reducing local congestion. |
| **Question 109** | Will ERCOT commit contracted generation resources using existing RMR rules? |
| **Answer 109** | Please see the answer to question 108, above, and ERCOT Protocols Section 6.5.1.1(4)(e). |
| **Question 110** | Will ERCOT limit deployment of contracted demand response to declared EEAs? |
| **Answer 110** | Per the Governing Document, ERCOT may commit and/or dispatch a Generation Resource Capacity Source, Energy Storage Resource Capacity Source or DR Capacity Source at any time during the Capacity Source’s hours of obligation during a Contract Period for the purpose of utilizing the Capacity Source’s awarded capacity. ERCOT may deploy Capacity Sources when Physical Responsive Capability (PRC) is expected to, or does, fall below 2,500 MW and is not expected to be recovered above 2,500 MW within 30 minutes, or when frequency falls below 59.91 Hz for 15 consecutive minutes. At its discretion, ERCOT may deploy all Capacity Sources simultaneously or separately.  Also please note per the Governing Document, ERCOT may deploy each Demand response Capacity Source up to three times during the Contract Period, with each deployment lasting no more than six hours. |
| **Question 111** | Will use of the MWs be included in the RDPA to offset the market impact of this out-of-market action? |
| **Answer 111** | The RDPA does include dispatch of Generation Resources contracted under ERCOT Protocols § 6.5.1.1(4). However, there is no provision for Demand Response. Moreover, ERCOT has not identified a reliable, consistent mechanism for incorporating these DR deployments into the process. |
| **Question 112** | How do you intend to address the price suppressive impacts of this RFP and these MWs, particularly since it runs counter to policy decisions to align market prices with reliability needs and the desire to get investment in new dispatchable resources? |
| **Answer 112** | There are a few processes in place intended to mitigate the energy pricing impacts of Capacity Sources awarded under this RFP. First, Generation Resource Capacity Source energy offers must be at the SWCAP, including the Resource’s Mitigated Offer Cap curve. Second, deployment of these Capacity Sources will be limited to times of realized or forecasted emergency conditions. Last, the current ERCOT Protocols are designed to account for Generation Resource Capacity Source deployment through adjustments made as part of the Reliability Deployment Price Adder process.  It should be noted that the ERCOT Protocols do not contemplate an adjustment to the Reliability Deployment Price Adder for Demand Response contracted under ERCOT Protocols § 6.5.1.1(4), and ERCOT has not identified a reliable, consistent mechanism for incorporating these DR deployments into the process. |
| **Question 113** | Will the PUCT need to approve any procurement? |
| **Answer 113** | No, the ERCOT Protocols do not contemplate that a contract entered into under ERCOT Protocols Section 6.5.1.1(4) requires PUCT approval. Accordingly, ERCOT does not intend to seek formal PUCT approval for this procurement. However, the PUCT retains complete authority over ERCOT’s finances and operations as necessary to ensure ERCOT accountability and performance of ERCOT’s functions and duties. (Please see PURA Section 39.151(d)). The PUCT has the power to provide further direction to ERCOT as the PUCT deems appropriate. |
| **Question 114** | What is the budget for this procurement? |
| **Answer 114** | At this time, ERCOT does not intend to specify a budget cap in advance of reviewing offer submissions. ERCOT will evaluate offers and make awards based on the greatest reliability benefit for the total expected cost in aggregate. These considerations would include a reduction in risk of entering into emergency conditions but also factors specific to the Capacity Sources being offered and their potential for being available. |
| **Question 115** | How will ERCOT evaluate a proposal’s “incremental cost effectiveness in reducing the risk of entering into an EEA? If ERCOT does not plan to deploy contracted demand response until it has entered into an EEA, how will demand response be scored for purposes of its “incremental cost effectiveness in reducing the risk of entering into an EEA”? |
| **Answer 115** | The question above is based on an incorrect assumption on when DR Capacity Sources are intended to be deployed. DR Capacity Sources and other Capacity Sources may be committed and dispatched when Physical Responsive Capability (PRC) is expected to, or does, fall below 2,500 MW and is not expected to be recovered above 2,500 MW within 30 minutes, or when frequency falls below 59.91 Hz for 15 consecutive minutes. It is likely the deployment of the Capacity Sources will prevent ERCOT from going into Load Shed. ERCOT will evaluate offers and make awards based on the greatest reliability benefit for the total expected cost in aggregate. These considerations would include a reduction in risk of entering into emergency conditions but also factors specific to the Capacity Sources being offered and their potential for being available. |
| **Question 116** | How does ERCOT anticipate price discipline to arise if offers are pay-as-bid? Will ERCOT utilize a demand curve? |
| **Answer 116** | ERCOT will evaluate offers and make awards based on the greatest reliability benefit for the total expected cost in aggregate. These considerations would include a reduction in risk of entering into emergency conditions but also factors specific to the Capacity Sources being offered and their potential for being available. At this time, ERCOT does not intend to specify a specific offer cap in advance of reviewing offer submissions. |
| **Question 117** | Will you use the ERS structure for these MWs? |
| **Answer 117** | It is unclear what aspects of ERS are included in this question.  This program will be similar to ERS in that it is a procurement for a specified, limited duration. Additionally, like ERS, ERCOT intends to mitigate market impacts of any deployments by limiting their duration and frequency. Regarding deployment, ERCOT may deploy Capacity Sources when Physical Responsive Capability (PRC) is expected to, or does, fall below 2,500 MW and is not expected to be recovered above 2,500 MW within 30 minutes, or when frequency falls below 59.91 Hz for 15 consecutive minutes. At its discretion, ERCOT may deploy all Capacity Sources simultaneously or separately. Additionally, to the extent practicable, the DR capacity deployed to alleviate imminent Emergency Conditions will not be used for the purpose of reducing local congestion. Further, per the Governing Document, ERCOT may deploy each Demand response Capacity Source up to three times during the Contract Period, with each deployment lasting no more than six hours.  This is dissimilar to the ERS structure in that the ERCOT Protocols do not contemplate an adjustment to the Reliability Deployment Price Adder for Demand Response contracted under ERCOT Protocols § 6.5.1.1(4), and ERCOT has not identified a reliable, consistent mechanism for incorporating these DR deployments into the process. |
| **Question 118** | How do you ensure these MWs show up when called upon? Will there be penalties and possible enforcement action for failure to provide the MWs? If so, will ERCOT be extending this requirement to ERS? |
| **Answer 118** | Each contracted Capacity Source will be required to perform in accordance with the requirements described in the RFP, Governing Document, and its individual contract for capacity. Failure to meet its performance obligation could result in a reduction in the Standby Payment and/or disqualification.  ERCOT has no plans to propose modifications to ERS terms at this time. |
| **Question 119** | Will ERCOT consider excluding large flexible loads from this? |
| **Answer 119** | Eligibility requirements will be further detailed in an amended RFP and Governing Document. Sites that fail to meet the requirements will be ineligible to participate in the service. |
| **Question 120** | Will the term of the contracts awarded in the proposed RFP be limited to winter 2023/24 or is ERCOT considering longer-term contracts? |
| **Answer 120** | The terms of any contracts for capacity procured under this RFP will end on Feb. 29, 2024. (Please see RFP Section 2.1.4.) ERCOT reserves its right to exercise the authority to seek to procure additional capacity for future seasons, but any such future procurements would be based on future system conditions and would be under one or more future procurement processes. |
| **Question 121** | Does ERCOT envision using this process on an ongoing basis in future years or will it be replaced by the PCM or similar market-based reliability assurance measures? |
| **Answer 121** | This procurement is specific to the analysis done for the Winter 2023-23 Peak Load Season. ERCOT is committed to continue its work on future market reforms that are intended to make such procurements unnecessary. However, ERCOT reserves its right to exercise the authority to seek to procure additional capacity for future seasons, but any such future procurements would be based on future system conditions and would be under one or more future procurement processes. |
| **Question 122** | Is ERCOT concerned that this mechanism may create an incentive for increasing amounts or resources to mothball/retire and/or delay entry then seek a cost-based contract via this mechanism on an ongoing basis (assuming ERCOT continues to use the mechanism)? Does ERCOT plan on including measures to limit or eliminate such incentives? If so, how will ERCOT balance those measures with free market entry/exit principles? |
| **Answer 122** | We understand that potential concern exists. It is not ERCOT’s intent to incent retirements or delay entry of new Resources. ERCOT is committed to continue its work on future market reforms that are intended to make such procurements unnecessary. However, ERCOT reserves its right to exercise the authority to seek to procure additional capacity for future seasons, but any such future procurements would be based on future system needs and would be under one or more future procurement processes. |
| **Question 123** | What “objective financial criteria” will ERCOT require submitters to meet? |
| **Answer 123** | QSEs representing Resources (including ESRs) will be subject to the same requirements defined under the ERCOT protocols as a Resource not participating in this program.  There are no up-front financial criteria to participate the Demand response portion of this program other than to establish a banking relationship with ERCOT so that payments can be wired to the participant. All payments for Demand response will occur after the final settlement has occurred for the calendar month and performance has been evaluated. |
| **Question 124** | Why does ERCOT provide for a start date “window” that runs from 12/1/23 through 1/9/24? What is special about 1/9/24? |
| **Answer 124** | The window was developed in recognition that some Capacity Sources may not be able to begin service as soon as December 1, 2023. January 9, 2024 is the last date during which a Capacity Source may begin to provide service based on the probabilities of extreme cold weather occurring during the winter Peak Load Period. |
| **Question 125** | Are contracted generation resources required to meet weatherization requirements? |
| **Answer 125** | Yes, Generation Resources must follow the weatherization Standards as approved by the Public Utility Commission of Texas (PUCT) and subject to inspection from ERCOT. |
| **Question 126** | Do contracted generation resources have any requirements for fuel security? |
| **Answer 126** | A Generation Resource that is awarded a contract for capacity must make arrangements for sufficient fuel to fulfill its performance obligations. |
| **Question 127** | Are submitting entities required to be registered ERCOT market participants? |
| **Answer 127** | Only a Resource Entity or its Qualified Scheduling Entity (QSE) may submit a proposal for a proposed Generation Resource or Energy Storage Resource to serve as a Capacity Source under this RFP. Subject to qualifications established in this RFP and in the Governing Document, any Entity may submit a proposal for a proposed Demand response Capacity Source. |
| **Question 128** | If [submitting entities are] not [required to be Market Participants], will submitting entities be required to post collateral to cover clawback risks? |
| **Answer 128** | QSEs representing Resources (including ESRs) will be subject to the same requirements defined under the ERCOT Protocols as a Resource not participating in this program.  There are no up-front financial criteria to participate the Demand response portion of this program other than to establish a banking relationship with ERCOT so that payments can be wired to the participant. All payments for Demand response will occur after the final settlement has occurred for the calendar month and performance has been evaluated. |
| **Question 129** | Will charges be assessed to loads only at the end of the contract period or on some ongoing basis during the contract period? How will clawbacks be assessed? |
| **Answer 129** | A portion of the charges to QSEs will be both during the contract period via current settlement processes (to make payments to Generation Resources and ESRs). The other portion of the charges to QSEs to pay for the Demand Response portion of this program will occur after the final settlement has occurred for the calendar month. |
| **Question 130** | Will charges to loads be assessed on a load ratio share, capacity short, or some other basis? |
| **Answer 130** | Charges to QSEs will be on an Hourly Load-Ratio-share basis. |
| **Question 131** | Clarification on 3.3 Standby Payments for Demand Response Capacity Sources. Is the standby price calculated as total hours available, or maximum hours potentially dispatched?    For example, which calculation would be the correct method to calculate price for a category 1 offer from Jan 9 - Feb 29 (52 days total)    Example calculation 1: Price calculated as total hours for resources to be available:  10 MW (awarded capacity) x 1500 MWh (awarded price) x 52 days x 24 hours = $3,750,000.    or  Example calculation 2: Price calculated as maximum hours potentially dispatched:  10 MW (awarded capacity) x 1500 MWh (awarded price) x 18 hours (6-hour window called up to three times) = $270,000. |
| **Answer 131** | Utilizing the Offer Capacity Price format as shown in the DR Offer sheet:  Given:  A) Awarded Capacity = 10 MW for each Hour of Obligation in the term of the contract  B) Price from DR Offer Sheet = $1500/MW  C) DR category 1: (24 hours a day)  E) Term of contract = 52 days [Jan 9 -- Feb 29]  Answer:  10 MW for each Hour of Obligation (awarded capacity) \* $1500/MW (offer price) x 24 Hours/day \*52 days/term of the contract=  $18,720,000 for the term of the contract |
| **Question 132** | Can the minimum of 1 MW capacity come from an aggregation of smaller capacity DERs? |
| **Answer 132** | Yes, aggregation of smaller DERs is permitted. |
| **Question 133** | Can aggregated resources be located across multiple load zones? |
| **Answer 133** | Yes, aggregation may be across multiple Load Zones. |