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| NPRR Number | [1203](https://www.ercot.com/mktrules/issues/NPRR1203) | NPRR Title | Implementation of Dispatchable Reliability Reserve Service |
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| Date | | October 20, 2023 | |
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| Submitter’s Information | | | |
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| Phone Number | | 202-380-1950 ext. 303 | |
| Market Segment | | Not applicable | |

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| Comments |

The Texas Advanced Energy Business Alliance (TAEBA) agrees with the suggestion by the Texas Industrial Energy Consumers (TIEC) and expanded on by Sierra Club and Voltus that a permanent Dispatchable Reliability Reserve Service (DRRS) should be created and implemented by June 1, 2024. There is expressed concern that implementing DRRS as a sub-category of Non-Spinning Reserve (Non-Spin) will increase prices in the market[[1]](#footnote-1) and will result in diminishing procurement of fast acting resources from Non-Spin.[[2]](#footnote-2) TAEBA agrees that these risks should be considered and that the best remedy is to implement DRRS as a separate service on an accelerated timeline.

While there may be a reliability benefit in having a four-hour Ancillary Service in ERCOT’s portfolio, a large majority of Load forecast errors will not occur over a four-hour period, leaving reduced MWs of Non-Spin available to meet fast occurring dips in mismatched service levels. ERCOT carving out a piece of Non-Spin to meet the time constrained implementation requirement for DRRS is understandable but should not be a long-term solution. TAEBA is encouraged to see ERCOT commit to a replacement, standalone service for DRRS, but committing to delivering this service by the implementation of Real-Time Co-optimization (RTC) is a far-off goal. Allowing the restoration of Non-Spin back to an exclusive 30-minute response service to potentially wait multiple years is too long. Implementing a permanent and separate DRRS by June 1, 2024 will foster grid reliability by allowing Non-Spin to serve its original function and keep Non-Spin prices lower by providing DRRS its own procurement.

TAEBA is also concerned that ERCOT Staff are preliminarily excluding certain technologies from serving DRRS. In their comments ERCOT staff state a Resource must be “Off-Line prior to deployment and be dispatchable, this NPRR limits participation to Generation Resources.”[[3]](#footnote-3) This is not what the language of HB 1500 says, the words “off-line” do not appear in HB1500 at all. The bill language states a resource must “be online and dispatchable not more than two hours after being called on for deployment”,[[4]](#footnote-4) with no mention of a requirement that a resource must be offline before coming online, simply that it must be online and ready to provide the service within two hours. TAEBA points out this incongruency because we believe the absence of an “off-line” requirement gives ERCOT the ability to include Load Resources and Energy Storage Resources (ESRs) as eligible to provide DRRS. TAEBA encourages ERCOT staff to allow not only Generation Resources (including ESRs) to provide DRRS, but to also allow Controllable Load Resources (CLRs) and non-Controllable Load Resources (“NCLRs”) to provide DRRS. TAEBA is supportive of the suggestions that Voltus and Sierra Club have made that the inclusion of ESRs, CLRs, and NCLRs as providers of DRRS can wait until DRRS is revamped as a standalone service in the interest of compromise. It would also be reasonable for the implementation of the DRRS standalone service and the inclusion of these Resources as providers of DRRS to be proposed and agreed to in a separate NPRR. The language changes in a future NPRR should update the Protocol language to indicate that DRRS does not require Resources to be “off-line” and that ESRs, CLRs, and NCLRs are eligible to provide DRRS.

TAEBA also cautions ERCOT against dedicating too high a proportion of Non-Spin procurement to DRRS before a standalone DRRS service is implemented. For the reliability concerns stated above, we believe that DRRS procurement should be informed by the frequency of four-hour grid interruptions, and set to reflect that frequency.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None

1. 1203NPRR-04 Sierra Club Comments 101123, p 1. [↑](#footnote-ref-1)
2. 1203NPRR-06 Voltus Comments 101223, p 1. [↑](#footnote-ref-2)
3. 1203NPRR-01 Implementation of Dispatchable Reliability Reserve Service 092723, p 2. [↑](#footnote-ref-3)
4. 88(R) HB 1500 – Enrolled Version, pp. 20-21. <https://capitol.texas.gov/tlodocs/88R/billtext/pdf/HB01500F.pdf#navpanes=0> [↑](#footnote-ref-4)