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| NPRR Number | [1194](https://www.ercot.com/mktrules/issues/NPRR1194) | NPRR Title | Wholesale Storage Load Auxiliary Netting |
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| Date | October 31, 2023 |
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| Submitter’s Information |
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| Market Segment | Independent Generators |

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| Comments |

The Advanced Power Alliance (APA) files these comments on behalf of its members in opposition to Nodal Protocol Revision Request (NPRR) 1194 as submitted by South Texas Electric Cooperative, Inc. (STEC).

The Electric Reliability Council of Texas (ERCOT) Protocols currently allow all generation resources to self-provide auxiliary power needs including Energy Storage Resources (ESRs). Like every other type of generation resource, ESRs are permitted to net retail auxiliary Load at auxiliary facilities when exporting power to the grid. STEC’s NPRR1194 seeks to treat ESRs in a discriminatory manner by prohibiting netting of auxiliary Loads at storage facilities that avail themselves to Wholesale Storage Load (WSL) treatment. APA agrees with comments filed by ERCOT in NPRR1194, STEC’s proposal conflicts with state law and therefore should be rejected by stakeholders as described more fully in these comments.[[1]](#footnote-1)

The Public Utility Regulatory Act (PURA) § 35.151 (a) “ensures access to the transmission and distribution systems for all buyers and sellers of electricity on nondiscriminatory terms”. STEC’s NPRR1194 violates this broad mandate of PURA because STEC’s proposal purports to treat ESRs, when acting as a generation resource exporting power to the grid, differently than any other type of generation resource which is discriminatory and therefore, impermissible under PURA.

In opposition to STEC’s position, ERCOT Staff stated in their comments that “treating auxiliary load for ESRs which are exporting to the grid as retail Load would result in an inappropriate treatment of ESRs from Generation resources.”[[2]](#footnote-2) APA agrees with ERCOT’s interpretation. PURA § 35.152(a) provides that “[e]lectric energy storage equipment or facilities that are intended to be used to sell energy or ancillary services at wholesale are generation assets.” Further, PURA § 35.152(b)(3) provides that the owner or operator of ESR equipment or facilities is entitled to “use the equipment or facilities to sell electricity or ancillary services at wholesale in a manner consistent with the provisions of this title and commission rules applicable to a power generation company or an exempt wholesale generator.” In accordance with the provisions in PURA, ESRs should be allowed to continue to net auxiliary Loads at storage facilities when they are injecting power into the grid like all other generation resources.

ERCOT currently has forty-eight ESR sites that permit ESRs to net retail auxiliary Load at auxiliary facilities when injecting power into the grid while these same ESRs are treated as retail Load when energy is withdrawn from the grid. This is consistent with PURA § 35.152 and with the Public Utility Commission of Texas (PUCT) determination in its Order adopting 16 TAC § 25.501(m) that “a storage facility is entitled to be treated like other generation facilities in the sale of energy and ancillary services at wholesale.”[[3]](#footnote-3) It is also consistent with the PUCT’s Order in Project No. 39917 which makes clear that energy withdrawn from the grid for wholesale storage shall receive Wholesale Storage Load (WSL) treatment, and energy withdrawn from the grid to power auxiliary Load should receive retail treatment.[[4]](#footnote-4) The Project No. 39917 Order does not state that stored energy injected back into the grid should receive retail treatment when it is used to power an ESR’s auxiliary Load.[[5]](#footnote-5)

During the September 13, 2023 ERCOT Protocol Revision Subcommittee (PRS) meeting, ERCOT staff described their view of ESRs as follows:

“We view ESRs when they are exporting to be operating very similar to any other resource in its self-use type of situation. Just like a natural gas plant while it is generating and exporting electricity is free to run its auxiliary load from its own electricity from the power plant, batteries should be treated the same way. In our view, based on language in PURA and PUCT Orders and other places we have cited, we believe there is good authority for that so we just disagree with STEC’s interpretation.”[[6]](#footnote-6)

Furthermore, during the same PRS meeting, ERCOT staff stated that:

“PURA provides that ESRs are entitled to sell electricity and use their equipment and facilities to sell electricity consistent with the way a power generation company can. When they are exporting is the only time we would say that the auxiliary Load can use electricity from the battery and that not be treated as retail situation. When the battery is charging, and if its auxiliary load is using electricity off the grid [then], that is a retail situation and we do treat it like that now. It’s only when its acting as a generator, its exporting to the grid, at that time, it can use the power from its battery to run its auxiliary load, and we view that it is similar to any other resource. While its running, it can use its auxiliary load.”[[7]](#footnote-7)

APA agrees with ERCOT’s assessment, when an ESR is acting like a generator exporting power to the grid, it can use the power from its battery to run its auxiliary load, and it will not be treated as retail situation. Further, consistent with PURA and PUCT Orders, ESRs are entitled to the same Settlement treatment as Generation Resources when exporting power to the grid. APA urges stakeholders to reject STEC’s NPRR1194 and follow ERCOT’s interpretation of the law so that ESRs continue to be treated in a non-discriminatory manner.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None

1. NPRR 1194, ERCOT Comments, September 7, 2023. [↑](#footnote-ref-1)
2. NPRR 1194, ERCOT Comments, September 7, 2023. [↑](#footnote-ref-2)
3. *Rulemaking on Energy Storage Issues,* PUC Project 39917, Order Adopting Amendments to § 25.192 and § 25.501 as Approved at the March 7, 2012 Open Meeting at Page 12 (Mar. 29, 2012). [↑](#footnote-ref-3)
4. *See Rulemaking on Energy Storage Issues,* PUC Project 39917, Order Adopting Amendments to § 25.192 and § 25.501 as Approved at the March 7, 2012 Open Meeting at Pages 12-14 (Mar. 29, 2012). [↑](#footnote-ref-4)
5. ERCOT NOGRR1194 Comments, October 6, 2023, page 1. [↑](#footnote-ref-5)
6. Comments of ERCOT Staff, ERCOT PRS Meeting, September 13, 2023. [↑](#footnote-ref-6)
7. Comments of ERCOT Staff, ERCOT PRS Meeting, September 13, 2023. [↑](#footnote-ref-7)