Reliability Must Run (RMR) Process

Determining and addressing the need for generation units to support grid reliability

As the entity responsible for facilitating reliable operations of the Texas power grid, ERCOT works with its market participants to ensure generation resources are available to support voltage stability and other transmission-system requirements.

When the owner of a generation resource plans to stop operating a resource for more than 180 days, the owner must notify ERCOT at least 150 days before suspending or ending operations of that resource. Similarly, when a generation resource owner plans to mothball its resource on a seasonal basis, the owner must notify ERCOT at least 90 days prior to the suspension date. ERCOT then evaluates whether the resource is needed to support grid reliability in the affected area and whether other solutions could address that need. ERCOT has 60 days after receiving the notice to complete its evaluation, and market participants can comment on the need for the resource in question. If a resource is needed, ERCOT must issue a request for proposals (RFP) for a more cost-effective alternative (referred to as a must-run alternative or MRA) to meet that need. ERCOT must obtain ERCOT Board approval before entering any "reliability-must-run" (RMR) or MRA agreement. Factors for whether to enter an RMR or MRA agreement include number of customers affected and potential economic impact to customers.

Short-term solutions, long-term improvements

RMR or MRA agreements are not intended to address long-term system needs. Under the Protocols, ERCOT must identify a long-term transmission project to address concerns that necessitated the agreement. These concerns are based on reliability criteria set forth by the North American Electric Reliability Corporation (NERC) and relevant guidelines in ERCOT's Protocols.

Paying for reliable operations

Payments to generation resource owners with RMR agreements are based on eligible costs to continue operating the resource. Owners provide detailed cost estimates to ERCOT as part of the RMR negotiation process, and then provide actual costs each month to ensure accuracy in the settlement process. Eligible costs for RMR agreements include fixed costs the unit would not have incurred if it had stopped operating in the time specified. Eligible fuel costs recovered are based on specific energy produced.

Payments to owners under an MRA agreement are based on offers that were shown to be lower-cost than the RMR that otherwise may have been needed. Owners of resources under an RMR or MRA must refund any capital contributions that were included before the resource may return to the ERCOT competitive wholesale market.

Because RMR and MRA determinations are based on system-wide reliability, costs incurred under any RMR or MRA agreements are shared by all market participants that serve load. The most recent RMR agreements were in 2011 and 2016.

Applicable authorities

See PUC Subst. R. 25.502(e) dealing with RMR resources. See also RMR and MRA procedures in §§ 3.14.1 and 3.14.4 of the ERCOT Protocols, respectively. RMR and MRA payments are primarily addressed in ERCOT Protocols § 6.6.6.

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