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| NPRR Number | [1213](https://www.ercot.com/mktrules/issues/NPRR1213) | NPRR Title | Allow DGRs and DESRs on Circuits Subject to Load Shed to Provide ECRS and Clarify Language Regarding DGRs and DESRs Providing Non-Spin |
| Date of Decision | April 11, 2024 |
| Action | Approved |
| Timeline  | Normal |
| Estimated Impacts | Cost/Budgetary: Between $350K and $450K Project Duration: 8 to 12 months |
| Effective Date | Upon system implementation; and upon system implementation of Nodal Protocol Revision Request (NPRR) 1171, Requirements for DGRs and DESRs on Circuits Subject to Load Shedding |
| Priority and Rank Assigned | Priority – 2024; Rank – 4050 |
| Nodal Protocol Sections Requiring Revision  | 3.8.6, Distribution Generation Resources (DGRs) and Distribution Energy Storage Resources (DESRs) 3.16, Standards for Determining Ancillary Service Quantities 4.4.7.1, Self-Arranged Ancillary Service Quantities4.4.7.1.1, Negative Self-Arranged Ancillary Service Quantities4.4.7.3, Ancillary Service Trades4.4.7.3.1, Ancillary Service Trade Criteria |
| Related Documents Requiring Revision/Related Revision Requests | None |
| Revision Description | This NPRR amends requirements for Distribution Generation Resources (DGRs) and Distribution Energy Storage Resources (DESRs) that are seeking qualification to provide ERCOT Contingency Reserve Service (ECRS), as follows:* Paragraph (1)(c) of Section 3.8.6 allows for DGRs and DESRs on circuits subject to disconnection during Load shed events to provide ECRS; and
* Section 3.16 recognizes that ERCOT will establish limits on ECRS, which may be provided by DGRs and DESRs on circuits subject to disconnection during Load shed events.

This NPRR also modifies requirements for Ancillary Service self-arrangement and Ancillary Service Trades for DGRs and DESRs on circuits subject to Load shed that provide Non-Spinning Reserve (Non-Spin). |
| Reason for Revision |  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 1 – Be an industry leader for grid reliability and resilience [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 3 - Advance ERCOT, Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission General system and/or process improvement(s) Regulatory requirements ERCOT Board and/or PUCT Directive*(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)* |
| Justification of Reason for Revision and Market Impacts | The Public Utility Commission of Texas (PUCT) has asked ERCOT to review all Ancillary Services provided by DGRs and DESRs and review which may be provided by a Resource on a distribution circuit that may be subject to Under-Frequency Load Shed (UFLS), Under-Voltage Load Shed (UVLS), or Load shed during an Energy Emergency Alert (EEA) event. In response to the PUCT’s request, NPRR1171 identified the Ancillary Services (Non-Spin Service and Regulation Down Service (Reg-Down)) that can be provided by DGRs and DESRs on circuits subject to Load shed. ERCOT indicated that ECRS would be considered following the implementation of ECRS and a reasonable window of time to gain experience with the new Ancillary Service.In order to support grid reliability and mitigate Real-Time operational issues, ERCOT launched ECRS in June 2023. ECRS complements and provides support to ERCOT’s current suite of Ancillary Services: Regulation Up Service (Reg-Up), Reg-Down, Responsive Reserve (RRS) Service, and Non-Spin Service. Allowing more Resources to provide ECRS will support greater competition in the market to the overall benefit of consumers. As a matter of policy, access to ECRS will also incentivize greater deployment of resilient, dispatchable distributed resources that can support Texas’ growing need for new generation capacity.  |
| PRS Decision | On 12/15/23, PRS voted unanimously to recommend approval of NPRR1213 as submitted. All Market Segments participated in the vote.On 1/11/24, PRS voted unanimously to table NPRR1213. All Market Segments participated in the vote.On 2/8/24, PRS voted unanimously to endorse and forward to TAC the 1/11/24 PRS Report, as amended by the 2/7/24 ERCOT comments, and 2/6/24 Impact Analysis for NPRR1213 with a recommended priority of 2024 and rank of 4050. All Market Segments participated in the vote. |
| Summary of PRS Discussion | On 12/15/23, participants discussed a portion of ECRS would be eligible for participation in Ancillary Service provision, and that further discussion would be held prior to development of the 2025 Ancillary Services Methodology. On 1/11/24, participants noted ERCOT Staff request for additional time to prepare the Impact Analysis.On 2/8/24, participants reviewed the 2/7/24 ERCOT comments, the 2/6/24 Impact Analysis, the Reason for Revision, and the Justification of Reason for Revision and Market Impacts for NPRR1213. Participants discussed which Resource types were allowed to participate in the respective Ancillary Service self-arrangements and Ancillary Service Trades. |
| TAC Decision | On 2/14/24, TAC voted unanimously to recommend approval of NPRR1213, as recommended by PRS in the 2/8/24 PRS Report, and the 2/12/24 Revised Impact Analysis. All Market Segments participated in the vote. |
| Summary of TAC Discussion | On 2/14/24, there was no additional discussion beyond TAC review of the items below. |
| TAC Review/Justification of Recommendation |  Revision Request ties to Reason for Revision as explained in Justification  Impact Analysis reviewed and impacts are justified as explained in Justification Opinions were reviewed and discussed Comments were reviewed and discussed (if applicable) Other: (explain) |
| ERCOT Board Decision | On 2/27/24, the ERCOT Board voted unanimously to recommend approval of NPRR1213 as recommended by TAC in the 2/14/24 TAC Report. |
| PUCT Decision | On 4/11/24, the PUCT approved NPRR1213 and accompanying ERCOT Market Impact Statement as presented in Project No. 54445, Review of Protocols Adopted by the Independent Organization. |

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| **Opinions** |
| Credit Review | ERCOT Credit Staff and the Credit Finance Sub Group (CFSG) have reviewed NPRR1213 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. |
| Independent Market Monitor Opinion | The Independent Market Monitor (IMM) has no opinion on NPRR1213. |
| ERCOT Opinion | ERCOT supports approval of NPRR1213. |
| ERCOT Market Impact Statement | ERCOT Staff has reviewed NPRR1213 and believes it supplements NPRR1171 in identifying an additional Ancillary Service, namely ECRS, that can be provided by DGRs and DESRs on feeders subject to Load shedding. |

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| **Sponsor** |
| Name | Monica Batra-Shrader |
| E-mail Address | mbatra@enchantedrock.com |
| Company | Enchanted Rock |
| Phone Number | N/A |
| Cell Number | 214-907-8562 |
| Market Segment | Independent Retail Electric Provider (IREP) |

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| **Market Rules Staff Contact** |
| **Name** | Brittney Albracht |
| **E-Mail Address** | Brittney.Albracht@ercot.com  |
| **Phone Number** | 512-225-7027 |

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| **Comments Received** |
| Comment Author | **Comment Summary** |
| ERCOT 010424 | Proposed to complete the Impact Analysis prior to the February 8, 2024 PRS meeting |
| ERCOT 020724 | Clarified requirements that will apply to DGRs and DESRs on circuits subject to Load shed that provide ECRS; proposed edits to Ancillary Service self-arrangements and Ancillary Service Trades that would apply to DGRs and DESRs on circuits subject to Load shed that provide Non-Spin |

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| **Market Rules Notes** |

None

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| Proposed Protocol Language Revision |

***3.8.6 Distribution Generation Resources (DGRs) and Distribution Energy Storage Resources (DESRs)***

(1) As a condition for the interconnection of a DGR or DESR, the affected Resource Entity, after consultation with the relevant Distribution Service Provider (DSP), shall provide documentation from the DSP to ERCOT stating that the interconnecting distribution circuit will not be disconnected as part of an Energy Emergency Alert (EEA) Level 3, an under-frequency Load shedding event, or an under-voltage Load shedding event, unless required for DSP local system maintenance or during a DSP local system emergency.

(a) If a DSP subsequently determines that any circuit to which a DGR or DESR is interconnected will need to be disconnected during these Load shedding events, or that a DGR or DESR will need to be moved to a circuit that will be disconnected during these Load shedding events:

(i) The DSP shall promptly notify the designated contact for the DGR or DESR;

(ii) The Resource Entity shall promptly notify ERCOT of this fact via the Resource Registration process; and

(iii) The DGR or DESR will immediately be disqualified from offering to provide any Ancillary Service.

(b) Upon receiving notification from the DSP that the DGR or DESR is no longer subject to disconnection during any of these Load shedding events, and that no known system limitations or changes have occurred that would inhibit the DGR or DESR from complying with Ancillary Service performance requirements, the Resource Entity for the DGR or DESR shall notify ERCOT of this fact via the Resource Registration process and will, at that time, be eligible to offer to provide Ancillary Services if the Resource is otherwise qualified to do so.

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| ***[NPRR1171: Replace paragraph (1) above with the following upon system implementation and renumber accordingly:]***(1) As a condition for the interconnection of a DGR or DESR, the affected Resource Entity, after consultation with the relevant Distribution Service Provider (DSP), shall submit an executed Section 23, Form R, Interconnection Circuit Designation for Distribution Generation Resources (DGRs) and Distribution Energy Storage Resources (DESRs).(a) The DSP shall indicate that the interconnecting distribution circuit for the DGR or DESR is subject to Load shed if the DSP determines that the distribution circuit may be disconnected as part of an Energy Emergency Alert (EEA) Level 3 Load shedding event, an Under-Frequency Load Shed (UFLS) event, or an Under-Voltage Load Shed (UVLS) event.(b) The DSP shall indicate that the interconnecting distribution circuit for the DGR or DESR is not subject to Load shed if the DSP determines that the distribution circuit will not be disconnected for any Load shed purpose during any of the events listed in paragraph (a) above. This condition may be met where:(i) A DGR or DESR is connected to a distribution circuit which the DSP has excluded from Load shedding events, which may include, but is not limited to, a distribution circuit that interconnects only DGRs or DESRs; or(ii) A DGR or DESR is connected to a distribution circuit where a recloser or other sectionalizing device excludes the DGR or DESR from Load shedding events on the distribution circuit.(c) If the DSP has indicated that the interconnecting distribution circuit may be subject to Load shed, the DGR or DESR may qualify to provide only the following Ancillary Services, subject to the limits established by ERCOT pursuant to Section 3.16, Standards for Determining Ancillary Service Quantities:(i) Non-Spinning Reserve (Non-Spin); (ii) ERCOT Contingency Reserve Service (ECRS); and(iii) Regulation Down Service (Reg-Down).(d) If the DSP has indicated that the interconnecting distribution circuit is not subject to Load shed, then the DGR or DESR shall not be subject to the Ancillary Service qualification limitations described in paragraph (c) above.(e) The DSP shall identify on Section 23, Form R, whether the DSP has identified any operational limitations for the DGR or DESR based on known system limitations and planning or operational studies, including studies performed in accordance with Planning Guide Section 5.4.2, Submission of Interconnection Agreement and TSP and/or DSP Studies and Technical Requirements. Temporary limitations, such as may occur during maintenance outage conditions, are not required to be reported on Section 23, Form R.(2) If a DSP at any time after the interconnection of a DGR or DESR determines that any circuit to which the DGR or DESR is interconnected will be subject to Load shed during any of the Load shedding events listed in paragraph (1)(a) above, or that a DGR or DESR will need to be electrically relocated to a circuit that will be subject to Load shed during these Load shedding events:(a) The DSP shall promptly notify ERCOT and the designated contact for the DGR or DESR;(b) The Resource Entity for the DGR or DESR shall promptly submit an updated Section 23, Form R, to ERCOT and shall make a corresponding update to its Resource Registration data; and(c) The Ancillary Service qualification limitations in paragraph (1)(c) above will apply to the DGR or DESR.(3) If a DGR or DESR is interconnected to a circuit that is subject to Load shed and then either is relocated to a different circuit that is not subject to Load shed during any of the Load shed events listed in paragraph (1)(a) above or receives notification from the DSP that the DGR or DESR is no longer subject to Load shed during any of these events, the Resource Entity for the DGR or DESR shall submit an updated Section 23, Form R, to ERCOT and shall make a corresponding update to its Resource Registration data. |

(2) For a proposed conversion of an existing Settlement Only Distribution Generator (SODG) to a DGR or DESR, the interconnecting DSP will evaluate the proposed conversion and will determine whether it is electrically and operationally feasible. If the interconnecting DSP determines that the conversion is not electrically or operationally feasible, the DSP may disallow the conversion.

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| ***[NPRR995 and NPRR1171: Replace applicable portions of paragraph (2) above with the following upon system implementation:]***(2) For a proposed conversion of an existing Settlement Only Distribution Generator (SODG) to a DGR or for a proposed conversion of an existing Settlement Only Distribution Energy Storage System (SODESS) to a DESR, the Resource Entity will follow the generation interconnection process outlined in Planning Guide Section 5, Generator Interconnection or Modification. |

(3) The Resource Node for a DGR or DESR shall be fixed at a single Electrical Bus in the ERCOT Network Operations Model.

(a) If a DSP determines that a topology change has altered, or is expected to alter, the electrical path connecting the DGR or DESR to the ERCOT Transmission Grid for a period longer than 60 days:

(i) The DSP shall promptly notify the interconnecting Transmission Service Provider (TSP) and the designated contact for the DGR or DESR, and the interconnecting TSP shall notify ERCOT; and

(ii) The Resource Entity shall submit a change request to ERCOT via the Resource Registration process.

3.16 Standards for Determining Ancillary Service Quantities

(1) ERCOT shall comply with the requirements for determining Ancillary Service quantities as specified in these Protocols and the ERCOT Operating Guides.

(2) ERCOT shall, at least annually, determine with supporting data, the methodology for determining the quantity requirements for each Ancillary Service needed for reliability, including:

(a) The percentage or MW limit of ERCOT Contingency Reserve Service (ECRS) allowed from Load Resources providing ECRS;

(b) The maximum amount (MW) of Responsive Reserve (RRS) that can be provided by Resources capable of Fast Frequency Response (FFR);

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| ***[NPRR1128: Replace item (b) above with the following upon system implementation:]***(b) The maximum amount (MW) of Responsive Reserve (RRS) that can be provided by Resources capable of Fast Frequency Response (FFR) and specify the Operating Hours where prioritizing procurement of FFR up to the maximum FFR amount is beneficial in improving reliability; |

(c) The maximum amount (MW) of Regulation Up Service (Reg-Up) that can be provided by Resources providing Fast Responding Regulation Up Service (FRRS-Up); and

(d) The maximum amount (MW) of Regulation Down Service (Reg-Down) that can be provided by Resources providing Fast Responding Regulation Down Service (FRRS-Down).

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| ***[NPRR1007: Delete items (c) and (d) above upon system implementation of the Real-Time Co-Optimization (RTC) project and renumber accordingly.]*** |

(e) The minimum capacity required from Resources providing RRS using Primary Frequency Response shall not be less than 1,150 MW.

(3) The ERCOT Board shall review and approve ERCOT's methodology for determining the minimum Ancillary Service requirements, any minimum capacity required from Security-Constrained Economic Dispatch (SCED) dispatchable Resources to provide Non-Spinning Reserve (Non-Spin), the minimum capacity required from Resources providing Primary Frequency Response to provide RRS, the maximum amount of RRS that can be provided by Resources capable of FFR, and the maximum amount of Reg-Up and Reg-Down that can be provided by Resources providing FRRS-Up and FRRS-Down.

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| ***[NPRR1007, NPRR1128, NPRR1171, and NPRR1183: Replace applicable portions of paragraph (3) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project for NPRR1007; or upon system implementation for NPRR1128, NPRR1171, or NPRR1183:]***(3) The ERCOT Board shall review and approve ERCOT's methodology for determining the minimum Ancillary Service requirements, any minimum capacity required from Security-Constrained Economic Dispatch (SCED) dispatchable Resources to provide Non-Spinning Reserve (Non-Spin), the maximum amount of Non-Spin that can be provided by Distribution Generation Resources (DGRs) and Distribution Energy Storage Resources (DESRs) that are interconnected to a distribution circuit that is subject to Load shed, the maximum amount of ECRS that can be provided by DGRs and DESRs that are interconnected to a distribution circuit that is subject to Load shed, the minimum capacity required from Resources providing Primary Frequency Response to provide RRS, the maximum amount of RRS that can be provided by Resources capable of FFR, and the Operating Hours where prioritizing procurement of FFR up to the maximum FFR amount is beneficial in improving reliability. ERCOT shall post on the ERCOT website the ERCOT Methodologies for Determining Minimum Ancillary Service Requirements approved by the ERCOT Board. |

(4) If ERCOT determines a need for additional Ancillary Service Resources under these Protocols or the ERCOT Operating Guides, after an Ancillary Service Plan for a specified day has been posted, ERCOT shall inform the market by posting notice on the ERCOT website, of ERCOT’s intent to procure additional Ancillary Service Resources under Section 6.4.9.2, Supplemental Ancillary Services Market. ERCOT shall post the reliability reason for the increase in service requirements.

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| ***[NPRR1007: Delete paragraph (4) above upon system implementation of the Real-Time Co-Optimization (RTC) project and renumber accordingly.]*** |

(5) Monthly, ERCOT shall determine and post on the Market Information System (MIS) Secure Area a minimum capacity required from Resources providing RRS using Primary Frequency Response. The remaining capacity required for RRS may be supplied by all Resources qualified to provide RRS, provided that RRS from Load Resources on high-set under-frequency relays and Resources providing FFR shall be limited to 60% of the total ERCOT RRS requirement. ERCOT may increase the minimum capacity required from Resources providing RRS using Primary Frequency Response if it believes that the current posted quantity will have a negative impact on reliability or if it would require additional Regulation Service to be deployed.

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| ***[NPRR1128 and NPRR1183: Replace applicable portions of paragraph (5) above with the following upon system implementation:]***(5) Monthly, ERCOT shall determine and post on the ERCOT website a minimum capacity required from Resources providing RRS using Primary Frequency Response. The remaining capacity required for RRS may be supplied by all Resources qualified to provide RRS, provided that RRS from Load Resources on high-set under-frequency relays and Resources providing FFR shall be limited to 60% of the total ERCOT RRS requirement. ERCOT may increase the minimum capacity required from Resources providing RRS using Primary Frequency Response if it believes that the current posted quantity will have a negative impact on reliability or if it would require additional Regulation Service to be deployed. ERCOT may add more Operating Hours where prioritizing procurement of FFR up to the maximum FFR amount is beneficial in improving reliability if it believes that these additional hours are vulnerable to low system inertia. ERCOT will issue an operations notice when such a change is made. |

(6) The amount of RRS that a Qualified Scheduling Entity (QSE) can self-arrange using a Load Resource excluding Controllable Load Resources and Resources providing FFR is limited to its Load Ratio Share (LRS) of the capacity allowed to be provided by Resources not providing RRS using Primary Frequency Response established in paragraph (5) above, provided that RRS from these Resources shall be limited to 60% of the total ERCOT RRS requirement.

(7) However, a QSE may offer more of the Load Resource above the percentage limit established by ERCOT for sale of RRS to other Market Participants. The total amount of RRS using the Load Resource procured by ERCOT is also limited to the capacity established in paragraph (5) above, up to the lesser of the 60% limit or the limit established by ERCOT in paragraph (5) above.

(8) Monthly, ERCOT shall determine and post on the MIS Secure Area a minimum capacity required from Resources providing ECRS. The amount of Load Resources excluding Controllable Load Resources that may or may not be on high-set under-frequency relays providing ECRS is limited to 50% of the total ERCOT ECRS requirement.

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| ***[NPRR1183: Replace paragraph (8) above with the following upon system implementation:]***(8) Monthly, ERCOT shall determine and post on the ERCOT website a minimum capacity required from Resources providing ECRS. The amount of Load Resources excluding Controllable Load Resources that may or may not be on high-set under-frequency relays providing ECRS is limited to 50% of the total ERCOT ECRS requirement. |

(9) The amount of ECRS that a QSE can self-arrange using a Load Resource excluding Controllable Load Resources is limited to the lower of:

(a) 50% of its ECRS Ancillary Service Obligation; or

(b) A reduced percentage of its ECRS Ancillary Service Obligation based on the limit established by ERCOT in paragraph (8) above.

(10) A QSE may offer more of the Load Resource above the percentage limit established by ERCOT for sale of ECRS to other Market Participants. The total amount of ECRS using the Load Resource excluding Controllable Load Resources procured by ERCOT is also limited to the lesser of the 50% limit or the limit established by ERCOT in paragraph (9) above.

(11) The maximum MW amount of capacity from Resources providing FRRS-Up is limited to 65 MW. ERCOT may reduce this limit if it believes that this amount will have a negative impact on reliability or if this limit would require additional Regulation Service to be deployed.

(12) The maximum MW amount of capacity from Resources providing FRRS-Down is limited to 35 MW. ERCOT may reduce this limit if it believes that this amount will have a negative impact on reliability or if this limit would require additional Regulation Service to be deployed.

(13) Resources can only provide FRRS-Up or FRRS-Down if awarded Regulation Service in the Day-Ahead Market (DAM) for that particular Resource, up to the awarded quantity.

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| ***[NPRR1007: Delete paragraphs (11)-(13) above upon system implementation of the Real-Time Co-Optimization (RTC) project.]*** |

**4.4.7.1 Self-Arranged Ancillary Service Quantities**

(1) For each Ancillary Service, a QSE may self-arrange all or a portion of the Ancillary Service Obligation allocated to it by ERCOT. QSEs may not self-arrange Regulation Service amounts that include Fast Responding Regulation Up Service (FRRS-Up) or Fast Responding Regulation Down Service (FRRS-Down) quantities. In addition, a QSE may self-arrange up to 100 MW of ERCOT Contingency Reserve Service (ECRS), 100 MW of Responsive Reserve (RRS), 25 MW of Regulation Up Service (Reg-Up), 25 MW of Regulation Down Service (Reg-Down), and 50 MW of Non-Spinning Reserve (Non-Spin) in excess of its corresponding Ancillary Service Obligation, provided that the amount self-arranged from the QSE’s Resources for a given Ancillary Service shall not exceed the amount of the QSE’s Ancillary Services Obligation for that Ancillary Service. If a QSE elects to self-arrange Ancillary Service capacity, then ERCOT shall not pay the QSE for the Self-Arranged Ancillary Service Quantities for the portion that meets its Ancillary Service Obligation. Any Self-Arranged Ancillary Service Quantities in excess of a QSE’s Ancillary Service Obligation will be considered to be offered in the DAM or Supplemental Ancillary Services Market (SASM), as applicable, for $0/MWh.

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| ***[NPRR1091: Replace paragraph (1) above with the following upon system implementation:]***(1) For each Ancillary Service, a QSE may self-arrange all or a portion of the Ancillary Service Obligation allocated to it by ERCOT. QSEs may not self-arrange Regulation Service amounts that include Fast Responding Regulation Up Service (FRRS-Up) or Fast Responding Regulation Down Service (FRRS-Down) quantities. In addition, a QSE may self-arrange up to 150 MW of Responsive Reserve (RRS), 25 MW of Regulation Up Service (Reg-Up), 25 MW of Regulation Down Service (Reg-Down), and 300 MW of Non-Spinning Reserve (Non-Spin) in excess of its corresponding Ancillary Service Obligation, provided that the amount self-arranged from the QSE’s Resources for a given Ancillary Service shall not exceed the amount of the QSE’s Ancillary Services Obligation for that Ancillary Service. If a QSE elects to self-arrange Ancillary Service capacity, then ERCOT shall not pay the QSE for the Self-Arranged Ancillary Service Quantities for the portion that meets its Ancillary Service Obligation. Any Self-Arranged Ancillary Service Quantities in excess of a QSE’s Ancillary Service Obligation will be considered to be offered in the DAM or Supplemental Ancillary Services Market (SASM), as applicable, for $0/MWh. |

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| ***[NPRR1008: Replace paragraph (1) above with the following upon system implementation or upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(1) For each Ancillary Service, a QSE may self-arrange all or a portion of the advisory Ancillary Service Obligation allocated to it by ERCOT, subject to the QSE’s share of system-wide limits as established by Section 3.16, Standards for Determining Ancillary Service Quantities. If a QSE elects to self-arrange Ancillary Service capacity, then ERCOT shall not pay the QSE for the Self-Arranged Ancillary Service Quantities for the portion that meets its final Ancillary Service Obligation; ERCOT shall pay the QSE the respective Day-Ahead Ancillary Service price for any Self-Arranged Ancillary Service Quantities that exceed a QSE’s final Ancillary Service Obligation. |

(2) The QSE must indicate before 1000 in the Day-Ahead the Self-Arranged Ancillary Service Quantities, by service, so ERCOT can determine how much Ancillary Service capacity, by service, needs to be obtained through the DAM.

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| ***[NPRR1008: Replace paragraph (2) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(2) The QSE must indicate before 1000 in the Day-Ahead the Self-Arranged Ancillary Service Quantities, by service, so ERCOT can determine how much Ancillary Service capacity, by service, remains to be obtained based on DAM offers and associated Ancillary Service Demand Curves (ASDCs). |

(3) At or after 1000 in the Day-Ahead, a QSE may not change its Self-Arranged Ancillary Service Quantities unless ERCOT opens a SASM.

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| ***[NPRR1008: Replace paragraph (3) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(3) At or after 1000 in the Day-Ahead, a QSE may not change its Self-Arranged Ancillary Service Quantities. |

(4) Before 1430 in the Day-Ahead, all Self-Arranged Ancillary Service Quantities must be represented by physical capacity, either by Generation Resources or Load Resources, or backed by Ancillary Service Trades.

(5) The QSE may self-arrange Reg-Up, Reg-Down, ECRS, RRS, and Non-Spin.

(6) The QSE may self-arrange Ancillary Services from one or more Resources it represents and/or through an Ancillary Service Trade.

(7) The additional Self-Arranged Ancillary Service Quantity specified by the QSE in response to a SASM notice by ERCOT to obtain additional Ancillary Services in the Adjustment Period cannot be more than 100 MW of ECRS, 100 MW of RRS, 25 MW of Reg-Up, 25 MW of Reg-Down, and 50 MW of Non-Spin greater than the additional Ancillary Service amount allocated by ERCOT to that QSE, as stated in the SASM notice, and cannot be changed once committed to ERCOT.

(8) If a QSE does not self-arrange all of its Ancillary Service Obligation, ERCOT shall procure the remaining amount of that QSE’s Ancillary Service Obligation.

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| ***[NPRR1008: Replace paragraphs (7) and (8) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project and renumber accordingly:]***(7) A QSE shall not submit Ancillary Services trades that result in the QSE’s purchased quantities of Ancillary Services exceeding the QSE’s Self-Arranged Ancillary Service Quantities. (a) At 1430 in the Day-Ahead, ERCOT shall post a report on the MIS Certified Area to notify the QSE if there is an overage in the QSE’s purchased quantities of Ancillary Services in violation of the above limitation.(b) If the QSE has such an overage as of the end of the Adjustment Period, that QSE will be charged for any quantity that exceeds their Self-Arranged Ancillary Service Quantities per Section 6.7.5.1, Real-Time Ancillary Service Imbalance Payment or Charge. |

(9) For self-arranged RRS, the QSE shall indicate the quantity of the service that is provided from:

(a) Resources providing Primary Frequency Response;

(b) Load Resources controlled by high-set under-frequency relays; and

(c) Fast Frequency Response (FFR) Resources.

(10) For self-arranged ECRS and Non-Spin, the QSE shall indicate the quantity of the service that is provided from Resources that are manually dispatched, DGRs and DESRs on circuits subject to Load shed, and Resources that are SCED-dispatchable not on circuits subject to Load shed.

(11) For self-arranged Non-Spin, the QSE shall indicate the quantity of the service that is provided from Resources that are manually dispatched, DGRs and DESRs on circuits subject to Load shed, and Resources that are SCED-dispatchable and not on circuits subject to Load shed.

***4.4.7.1.1 Negative Self-Arranged Ancillary Service Quantities***

(1) A QSE may submit a negative Self-Arranged Ancillary Service Quantity in the DAM. ERCOT shall procure all negative Self-Arranged Ancillary Service Quantities submitted by a QSE.

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| ***[NPRR1008: Replace paragraph (1) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(1) A QSE may submit a negative Self-Arranged Ancillary Service Quantity in the DAM. ERCOT shall procure all negative Self-Arranged Ancillary Service Quantities submitted by a QSE. Such negative Self-Arranged Ancillary Service Quantities will be considered by DAM to be equivalent to a bid to buy Ancillary Services at the highest price on each respective ASDC. |

(2) Procurements of negative Self-Arranged Ancillary Service Quantities by ERCOT shall be settled in the same manner as Ancillary Service Obligations that are not self-arranged and according to the charges defined in Section 4.6.4.2, Charges for Ancillary Services Procurement in the DAM, and Section 6.7, Real-Time Settlement Calculations for the Ancillary Services.

(3) A QSE may not submit a negative Self-Arranged Ancillary Service Quantity in the DAM that is less than -500 MW per Ancillary Service. For negative self-arranged RRS, ECRS, and Non-Spin, the QSE shall not specify FFR Resources, Controllable Load Resources, Load Resources controlled by high-set under-frequency relays, and DGRs and DESRs on circuits subject to Load shed. For compliance purposes, a QSE may not submit a negative Self-Arranged Ancillary Service Quantity in the DAM that is greater in magnitude than the absolute value of the net sales of its Ancillary Service Trades per Ancillary Service.

**4.4.7.3 Ancillary Service Trades**

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

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

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

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

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

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|  A QSE with an Ancillary Service Position for ECRS, originally designated to be provided by a Generation Resource that is not a DGR/DESR on circuits subject to load shed, may transfer that portion of its Ancillary Service Position via Ancillary Service Trade(s) to another QSE only if that QSE designates the ECRS will be provided by a Generation Resource that is not a DGR/DESR on circuits subject to load shed. |
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(4) The table below shows the ECRS trades that are allowed for each type of original responsibility:

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| --- | --- | --- | --- |
|  |  |  |  |
|  | **Allowable ECRS Ancillary Service Trades** |
| **Original Responsibility** | **SCED-dispatchable ECRS not from DGRs and DESRs on a Load shed circuit** | **SCED-dispatchable ECRS from DGRs and DESRs on a Load shed circuit** | **Manually dispatched ECRS** |
| SCED-dispatchable ECRS not from DGRs and DESRson a Load shed circuit | Yes | No | No |
| SCED-dispatchable ECRS from DGRs and DESRson a Load shed circuit | Yes | Yes | No |
| Manually dispatched ECRS | Yes | No | Yes |

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  | **Allowable Non-Spin Ancillary Service Trades** |
| **Original Responsibility** | **Generation Resource not DGRs and DESRs on a Load shed circuit or Controllable Load Resource** | **DGRs and DESRs on a Load shed circuit** | **Load Resource other than a Controllable Load Resource** |
| Generation Resource not on circuits subject to Load shed or Controllable Load Resource | Yes | No | No |
| DGRs and DESRs on a Load shed circuit | Yes | Yes | No |
| Load Resource other than a Controllable Load Resource | Yes | No | Yes |

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

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

***4.4.7.3.1 Ancillary Service Trade Criteria***

(1) Each Ancillary Service Trade must be reported by a QSE and must include the following information:

(a) The buying QSE;

(b) The selling QSE;

(c) The type of Ancillary Service;

(d) The quantity in MW; and

(e) The first and last hours of the trade.

(f) For RRS, the QSE shall indicate the quantity of the service that is provided from:

(i) Resources providing Primary Frequency Response;

(ii) FFR Resources; and

(iii) Load Resources controlled by high-set under-frequency relays.

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| ***[NPRR1014: Replace paragraph (f) above with the following upon system implementation:]***(f) For RRS, the QSE shall indicate the quantity of the service that is provided from:(i) Resources capable of providing Primary Frequency Response;(ii) ESRs and Load Resources providing FFR; and(iii) Load Resources controlled by high-set under-frequency relays. |

(2) For ECRS, the QSE shall indicate the quantity of the service that is provided from:

(a) Manually dispatched Resources;

(b) SCED-dispatchable Resources that are not DGRs and DESRs on circuits subject to Load shed; and

(c) DGRs and DESRs on circuits subject to Load shed.

(3) For Non-Spin, the QSE shall indicate the quantity of the service that is provided from:

(a) Load Resources that are not Controllable Load Resources;

(b) Generation Resources that are not DGRs or DESRs on circuits subject to Load shed and Controllable Load Resources; and

(c) DGRs and DESRs on circuits subject to Load shed.

(4) An Ancillary Service Trade must be confirmed by both the buying QSE and selling QSE to be considered valid and to be used in an ERCOT process.