# ERCOT Trending Topics

## TOPIC: Reliability Must-Run (RMR) Process

**In this ERCOT Trending Topic, we explain the Reliability Must-Run (RMR) process, what it means for Market Participants, and how it can support future grid reliability.**

## FACTS:

### What is the RMR process?

When the owner of a Generation Resource plans to stop operating a resource for more than 180 days, the owner must notify ERCOT through a Notification of Suspension of Operations (NSO) of a Generation Resource form at least 150 days before the planned suspension or decommission and retirement. ERCOT then evaluates if the Generation Resource is needed to support grid reliability (voltage stability and other transmission system requirements) in the affected area, and if other solutions could address that need.

### What is the timeline of ERCOT's RMR evaluation process?

ERCOT has 60 days after receiving the NSO form to complete its evaluation, and Market Participants can comment on the need for the Resource in question. If a Resource is needed to support transmission reliability, ERCOT must issue a request for proposal (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 into any RMR or MRA agreement. Factors for whether or not to enter an RMR or MRA agreement include the number of customers affected and the potential economic impact to customers.

### Are RMRs long-term arrangements?

No, RMR agreements are designed to be shorter-term and are not intended to address long-term system needs. Under the Protocols, ERCOT must identify feasible alternatives that may, in the future, be a more cost-effective way to meet the reliability need that necessitated the agreement. The reliability need is based on criteria set forth by the North American Electric Reliability Corporation (NERC) and relevant guidelines in ERCOT's Protocols.

### Does ERCOT pay Generation Resource owners with RMR agreements?

Payments to representatives of Generation Resource owners with RMR agreements are based on eligible costs to provide RMR service, and they exclude costs that would have been incurred had the unit retired. 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 any RMR or MRA must refund any capital contributions that were included before the Resource may return to the ERCOT competitive wholesale market. RMR and MRA payments are addressed in ERCOT Protocols § 6.6.6.

## Who pays for the costs of any needed RMR or MRA agreements?

Because RMR and MRA determinations support transmission reliability, costs incurred under RMR or MRA agreements are shared by all Market Participants that serve load, and the costs are allocated on a load-ratio basis. The most recent RMR agreement was in 2016.

To learn more about RMR and MRA procedures in §§3.14.1 and 3.14.4 of the ERCOT Protocols, click here.