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| NPRR Number | [1235](https://www.ercot.com/mktrules/issues/NPRR1235) | NPRR Title | Dispatchable Reliability Reserve Service as a Stand-Alone Ancillary Service |
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| Date | June 3, 2024 |
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| Submitter’s Information |
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| Market Segment | Small Commercial Consumer |

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| Comments |

The Sierra Club Lone Star Chapter officially supported HB 1500 approved by the Legislature in 2023, and specifically supported a provision that required ERCOT to create a new Ancillary Service, which in Nodal Protocol Revision Request (NPRR) 1235 is known as a “Dispatchable Reliability Reserve Service.” The language for the new ancillary service originated in SB 7, a bill authored by Senator Charles Schwertner. While that bill passed the Senate and House, a conference committee to iron out the differences in the bill did not reach a final agreement, and instead provisions were included HB 1500. It is worth noting that when the original SB 7 passed the Senate Committee on Business and Commerce, the language for the service was different and included a minimum 10-hour run capability time for the service. However, during debate on the Senate floor, an amendment authored by Senator Judith Zaffarini was accepted by Senator Schwertner and reduced the 10-hour capability requirement to four hours. That change was made specifically to allow more resources such as batteries to participate in providing the service. Zaffarini specifically mentioned the need to allow batteries to participate and that was accepted by Senator Schwertner. The exchange occurred on the Senate floor on April 5th, 2023.

The final version of the statute under Section 39.159 (d) which requires the creation of this new stand-alone Ancillary Service is clear that it should only be available to dispatchable resources that can meet certain parameters. In fact, Sierra Club and many other stakeholders specifically highlighted that the service should be available to any resource that could meet the parameters, including dispatchable distributed and transmission-level generation, loads, and Energy Storage Resources (ESRs).

Specifically 39.159 (d) states:

(d) The commission shall require the independent organization certified under Section 39.151 for the ERCOT power region to develop and implement an ancillary services program to procure dispatchable reliability reserve services on a day-ahead and real-time basis to account for market uncertainty. Under the required program, the independent organization shall:

(1) determine the quantity of services necessary based on historical variations in generation availability for each season based on a targeted reliability standard or goal, including intermittency of non-dispatchable generation facilities and forced outage rates, for dispatchable generation facilities;

(2) develop criteria for resource participation that require a resource to:

(A) be capable of running for at least four hours at the resource's high sustained limit;

(B) be online and dispatchable not more than two hours after being called on for deployment; and

(C) have the dispatchable flexibility to address inter-hour operational challenges; and

(3) reduce the amount of reliability unit commitment by the amount of dispatchable reliability reserve services procured under this section.

(e) Notwithstanding Subsection (d)(2)(A), the independent organization certified under Section 39.151 for the ERCOT power region may require a resource to be capable of running for more than four hours as the organization determines is needed.

While Sierra Club acknowledges NPRR1235 partially implements the requirements of 39.159 (d) and (d) by creating a new Day-Ahead product for one set of resources that can meet its requirements, unfortunately the proposal limits participation to only Off-Line traditional generation. As such we believe it is not in keeping with statute which was intended to create an Ancillary Service for certain “uncertain” hours of the year when a sudden change in Demand, a sudden unavailability of dispatchable generation or a change in the availability of variable resources could put undue risk on the grid. Instead, we are supportive of a previous version of the NPRR introduced at the March 27th, 2024 DRRS workshop which included both an Off-Line and On-Line DRRS which was open to traditional generation, distributed generation, storage and Controllable Load Resources. It is Sierra Club’s position that the Legislature did intend both to provide additional resources to dispatchable generation, but also to other resources that could meet the provisions of 39.159 (d) (2), including loads and storage. In doing so, we believe that loads that are at “Maximum Power Consumption” that are controllable and can be turned off to a “Minimum Power Consumption” for a duration of at least four hours should be eligible, as should batteries charged to their maximum capacity that can be released for four hours. Sierra Club does not object to Off-Line generators being given primacy in the new service and is open to compromise but believes that costs will be reduced and the service will be more successful if all resources that can provide the service are included. We also believe that was the legislative intent. Only allowing traditional generation to participate flies in the face of ERCOT’s non-discriminatory language. We look forward to discussing the issue at upcoming workshops.

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| Revised Cover Page Language |

None at this time.

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| Revised Proposed Protocol Language |

None at this time.