
ERCOT Trending Topics

TOPIC: Request for Proposal for Must-Run Alternatives to Braunig Reliability Must-Run Agreements

Request for Proposal (RFP)
Must-Run Alternative (MRA)
Reliability Must-Run (RMR) Agreements

In this ERCOT Trending Topic, we explain the Request for Proposal (RFP) for Must-Run Alternative (MRA) process, Reliability Must-Run (RMR) Agreements, what they mean for Market Participants, and how they can support ERCOT System reliability.



FACTS:

Why did ERCOT issue this Request for Proposal (RFP)?

The purpose of this RFP is to solicit proposals for alternative resources that are capable of providing an acceptable solution to the reliability concerns that would otherwise be solved by the provision of [Reliability-Must Run \(RMR\)](#) service by one or more of the following CPS Energy Braunig Generation Resources: BRAUNIG_VHB1, BRAUNIG_VHB2, and BRAUNIG_VHB3. ERCOT is required under [PUC Rule 25.502](#) and ERCOT Protocols to consider Must-Run Alternatives (MRAs) when a Generation Resource has proposed to retire or indefinitely suspend operations and ERCOT has determined there is a reliability need for the Generation Resource.

What service would the Braunig Resources provide?

The Braunig Resources and/or MRA Resources would provide reductions in pre-contingency and post-contingency loading, during a simultaneous outage of a major transmission line and one or more large generation units in the constrained area, on the 345-kV transmission lines that are subject to the [South Texas Export Interconnection Reliability Operating Limits \(IROLs\)](#).

Why are these Generation Resources needed?

ERCOT completed a reliability analysis, and it identified performance deficiencies showing that the Braunig Resources are needed to support ERCOT System reliability. The purpose of the RFP is to solicit more cost-effective alternatives than entering into one or more Reliability Must-Run (RMR) Agreements regarding the Braunig Resources.

Did ERCOT identify these Generation Resources previously?

Yes. On March 13, 2024, ERCOT issued a public Market Notice that it had received notices that the Braunig Resources would indefinitely suspend operations as of March 31, 2025. ERCOT noted that it would conduct the required reliability analysis.

On April 22, 2024, ERCOT issued a public Market Notice on the results of ERCOT's reliability analysis. The reliability analysis identified ERCOT System performance deficiencies that were materially impacted by the retirement of the Braunig Resources.

On July 25, 2024, ERCOT issued a [Request for Proposal \(RFP\) for Must-Run-Alternatives \(MRAs\)](#) for these Resources to provide a MRA Service as an alternative to ERCOT entering into one or more RMR Agreements with CPS Energy regarding the continued operation of the Braunig Resources beyond the proposed suspension date of March 31, 2025.

When would an MRA Resource be required to be available?

The MRA Agreement(s) would obligate the awarded Qualified Scheduling Entities (QSEs) to make the MRA Resource(s) available to provide MRA Service for a time period beginning no earlier than April 1, 2025, and ending no later than March 31, 2027. ERCOT will consider offers from QSEs with a service start date of later than April 2025 or a service end date of earlier than March 31, 2027.

How does ERCOT issue MRA awards?

Prior to making MRA awards, ERCOT will evaluate each MRA Resource based on its expected impact to reducing overloads on the 345-kV transmission lines that are subject to the South Texas Export Interconnection Reliability Operating Limits (IROLs). In the case of an aggregated MRA Resource, the Site or Sites within the MRA Resource with the least benefit in reducing the constraint overload will serve as the representation of the aggregation as a whole. ERCOT may enter into one or more MRA Agreements, or a combination of MRA and RMR Agreements, if doing so is most cost-effective.

What is the timeline of ERCOT's Must-Run Alternative evaluation process?

If a resource is needed to support transmission reliability, ERCOT must issue an RFP for a more cost-effective alternative (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. ERCOT anticipates presenting a recommendation to the ERCOT Board of Directors Reliability and Markets Committee during their October 9, 2024, meeting; the recommendation is also expected to be presented to the ERCOT Board of Directors at their October 10, 2024, meeting.

Does ERCOT pay MRA Resource owners under an MRA agreement?

Payments to QSEs of MRA Resources 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 MRA Agreements?

Because MRA Resources support transmission reliability, costs incurred under MRA Agreements are shared by all Market Participants that serve load, and the costs are allocated on a load-ratio-share basis.

What's next?

Market Participants must submit any questions and recommended changes to the MRA Agreement to ERCOT by Monday, August 5, 2024. A workshop will be held on Thursday, August 15, 2024. Proposals in response to the RFP are due Monday, September 9, 2024. If an MRA or MRA Agreement were executed, service could begin as early as April 1, 2025.

To learn more about RMR and MRA procedures in §§3.14. through 3.14.4 of the ERCOT Protocols, click [here](#).