



# Statutory Requirements and Market Design Principles for DRRS

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# Statutory Requirements and Market Design Principles for DRRS

1. Statute **requires** that DRRS be procured in both day-ahead and real-time
2. Statute **does not require** that DRRS be procured from only offline units
3. Statute **requires** that DRRS procurement offset commitments through RUC
  - ERCOT's proposed implementation of DRRS is embodied in NPRR 1235.
  - ERCOT argues that to achieve requirement 3, it is proposing to:
    - Only procure DRRS in the day-ahead market (violating requirement 1); and
    - Imposes requirement 2 (which is not in the Statute)
  - We posit that this is a suboptimal approach for satisfying the Statute.



## Summary of Prior IMM Comments

- The IMM recommends the following changes to the design of DRRS as proposed by NPRR 1235:
  - Procure and co-optimize DRRS in real-time,
  - Allow provision from online units, and
  - Develop criteria for satisfying RUC-offset requirement given real-time procurement and inclusion of online units.
- DRRS should have a sloped demand curve similar to other AS products, the shape of which is heavily dependent on the ultimate methodology for determining DRRS procurement volumes
- DRRS should be designed as an operational reliability product and not as a mechanism for achieving a resource adequacy goal