Comments on ASDCs, AS Proxy Offers, and AS Qualifications

RTCBTF

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- Modify ERCOT's ASDC-derived AS Proxy Offer framework to minimum of:
  - Offer cap ($2,000); and
  - A % of the AS Plan on the ASDC:
    - 95% REGUP/REGDN
    - 90% RRS
    - 75% ECRS
    - 50% NSPIN

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- If IMM proposal for ASDC disaggregation is endorsed:
  - Tune to ensure adequate REG & RRS is preserved for NERC requirements
  - AS duration qualification should also continue to reflect value of long-duration reserves
- Aggregate ASDC/ORDC must:
  - Reflect conservative operations preferences
  - Be recognized as a tool for meeting the reliability standard
  - Consider harmonization with updated VOLL

Agenda Item #5: IRR AS Qualifications

PURA 39.159(c)(1) requires generation resources to be dispatchable and meet duration requirements to provide ancillary and reliability services

Sec. 39.159. POWER REGION RELIABILITY AND DISPATCHABLE GENERATION. (a) For the purposes of this section, a generation facility is considered to be non-dispatchable if the facility's output is controlled primarily by forces outside of human control.

(b) The commission shall ensure that the independent organization certified under Section 39.151 for the ERCOT power region:

(1) establishes requirements to meet the reliability needs of the power region;

(2) periodically, but at least annually, determines the quantity and characteristics of ancillary or reliability services necessary to ensure appropriate reliability during extreme heat and extreme cold weather conditions and during times of low non-dispatchable power production in the power region;

(3) procures ancillary or reliability services on a competitive basis to ensure appropriate reliability during extreme heat and extreme cold weather conditions and during times of low non-dispatchable power production in the power region;

(4) develops appropriate qualification and performance requirements for providing services under Subdivision (3), including appropriate penalties for failure to provide the services; and

(5) sizes the services procured under Subdivision (3) to prevent prolonged rotating outages due to net load variability in high demand and low supply scenarios.

(c) The commission shall ensure that:

(1) resources that provide services under Subsection (b) are dispatchable and able to meet continuous operating requirements for the season in which the service is procured;

(2) winter resource capability qualifications for a service described by Subsection (b) include on-site fuel storage, dual fuel capability, or fuel supply arrangements to ensure winter performance for several days; and

(3) summer resource capability qualifications for a service described by Subsection (b) include facilities or procedures to ensure operation under drought conditions.

(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.

Subsection (b) **requires AS and reliability services be sized and procured to meet the reliability standard and extreme operating conditions.**

Subsection (c)(1) **requires that AS and reliability services procured under (b) come from resources that "are dispatchable and able to meet continuous operating requirements** for the season in which the service is procured."

Subsection (a) defines "dispatchable" inversely such that **IRRs are not dispatchable.**

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Agenda Item #5: IRR AS Qualifications

Resources should actually qualify for AS to be eligible for AS awards

- The provisions in NPRR1011's gray-boxed 8.1.1.2.1.3(2) and 8.1.1.2.1.7(2) that all resources qualified to participate in SCED are qualified to provide NSPIN/ECRS (respectively) when On-Line should be revisited.
  - –Require performance testing to qualify (even for online)
  - –Align with statutory requirements for dispatchable generation criteria
  - –Ensure gray-box language aligns with duration requirements for NSPIN and ECRS (e.g., 8.1.1.2.1.3(8) & 8.1.1.2.1.7(3))

Assigning AS to curtailed renewables is problematic because it (1) seems **facially inconsistent with PURA 39.159**; (2) **substitutes an inferior product** for actual qualified resources; and (3) **undervalues actual physical scarcity** when assigning behind a transmission constraint

Agenda Item #7: AS Proxy Offers

Modify ERCOT's ASDC-derived AS Proxy Offer framework

- AS Proxy Offer should be the minimum of:
  - –Offer cap ($2,000); and
  - –A % of the AS Plan on the ASDC:
    - 95% REGUP/REGDN
    - 90% RRS
    - 75% ECRS
    - 50% NSPIN
- Should have negligible impact (if any) to ERCOT's ability to procure AS Plan, while prioritizing real AS offers for AS awards
- Supports the principle of prioritizing real AS offers regardless of ASDC format

Agenda Item #8: AS Demand Curves

ASDC Disaggregation

- Vistra appreciates the IMM's efforts and design goals behind the "blended" ASDC proposal
- If IMM proposal for "blended" ASDC disaggregation to replace KP 1.1.(5) is endorsed:
  - Tune to ensure NERC requirements adequately covered (esp. RRS)
  - Consider min ECRS price (symmetrical to max price used for product hierarchy enforcement)
  - AS duration qualification should continue to reflect value of long-duration reserves

Agenda Item #8: AS Demand Curves

Aggregate ASDC/ORDC

- Aggregate ASDC/ORDC must:
  - Reflect conservative operations preferences
    - Ensure that market signals align with ERCOT operational preferences
  - Be recognized as a tool for both meeting operational preferences and meeting the reliability standard
    - Save future time and effort by naming tools in the toolbox now (vs. 2026+)
  - Consider harmonization with updated VOLL
    - VOLL = $35k/MWh; ORDC based on VOLL = $5k/MWh
    - Not suggesting raising price cap to $35k/MWh; rather, evaluating ASDCs based on the recently-established VOLL (with current $5k price cap)
- Premature to pivot away from ORDC framework for ASDCs.