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| NPRR Number | [1262](https://www.ercot.com/mktrules/issues/NPRR1262) | NPRR Title | Ancillary Service Opt Out Clarification |
| Date of Decision | | December 12, 2024 | |
| Action | | Tabled | |
| Timeline | | Normal | |
| Proposed Effective Date | | To be determined | |
| Priority and Rank Assigned | | To be determined | |
| Nodal Protocol Sections Requiring Revision | | 6.4.9.1, Evaluation and Maintenance of Ancillary Service Capacity Sufficiency | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) clarifies the ability for a Resource providing Ancillary Services to opt out of that provision. | |
| Reason for Revision | | [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 1 – Be an industry leader for grid reliability and resilience  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 3 - Advance ERCOT, Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission  General system and/or process improvement(s)  Regulatory requirements  ERCOT Board/PUCT Directive  *(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)* | |
| Justification of Reason for Revision and Market Impacts | | Confusion exists as to whether the provisions in Section 6.4.9.1 allow for a specific Resource to opt out of providing an Ancillary Service. This revision ensures all parties know and understand this feature exists in the ERCOT market and how it is implemented. | |
| PRS Decision | | On 12/12/24, PRS voted unanimously to table NPRR1262. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 12/12/24, participants expressed concern for Entities being prevented from participating in CLRs. The sponsor asserted that NPRR1262 does not represent a change but only a clarification to Protocol language. ERCOT Staff and participants requested additional time to understand impacts of the proposed language. | |

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| **Opinions** | |
| Credit Review | To be determined |
| Independent Market Monitor Opinion | To be determined |
| ERCOT Opinion | To be determined |
| ERCOT Market Impact Statement | To be determined |

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| Sponsor | |
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| E-mail Address | [clayton@chollapetro.com](mailto:clayton@chollapetro.com) |
| Company | Cholla Petroleum, Inc. |
| Phone Number | 512-497-2986 |
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| Market Segment | Industrial Consumers |

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| **Market Rules Staff Contact** | |
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| **Comments Received** | |
| Comment Author | **Comment Summary** |
| Cholla 112724 | Asserted that ERCOT’s provisions for QSE portfolio management of Ancillary Services contain a provision for opting out, rendering related Lancium patents inapplicable to ERCOT’s CLR program |
| ERCOT 120624 | Requested PRS table NPRR1262 to provide time for additional consideration of the issues raised and language proposed |
| Lancium 121024 | Disagreed with assertions in the 11/27/24 Cholla comments; recommended PRS ultimately reject NPRR1262; and supported tabling NPRR1262 to allow time to resolve open questions |

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| **Market Rules Notes** |

None

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| Proposed Protocol Language Revision |

6.4.9.1 Evaluation and Maintenance of Ancillary Service Capacity Sufficiency

(1) ERCOT shall evaluate Ancillary Service requirements and capacity sufficiency using evaluation tools including the Ancillary Services Capacity Monitor, described in Section 6.5.7.5, Ancillary Services Capacity Monitor, throughout the Adjustment Period and Operating Period.

(2) ERCOT may procure Ancillary Services in the Adjustment Period for the following reasons:

(a) Increased need of Ancillary Services capacity above that specified in the Day-Ahead;

(b) Replacement of Ancillary Services capacity that is infeasible due to transmission constraints; or

(c) Replacement of Ancillary Services capacity due to failure to provide.

(3) A QSE may opt out of supplying an Ancillary Service with specific, qualified Resources by designating alternative, qualified Resources to supply Ancillary Services under Section 3.9, Current Operating Plan (COP), using the QSE’s Ancillary Service Resource Responsibility in the COP only if, in ERCOT’s determination, that change does not adversely affect the feasibility of the service(s) being allocated to an alternate Resource and if that change does not adversely affect the feasibility of other services previously procured by ERCOT. A QSE may not change the quantity provided of each type of Ancillary Services awarded through the ERCOT procurement process or the aggregate Self-Arranged Ancillary Service Quantity (by Ancillary Service type) from the DAM. On detection of a change in COP for Resources providing Ancillary Services, ERCOT shall review the impact on feasibility and communicate to the QSE if the change is not approved. The QSE must update its COP to reflect the ERCOT decision. If ERCOT does not act on the request by the beginning of the Operating Hour in which the change will take effect, the request is deemed approved.

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| [NPRR1010: Replace Section 6.4.9.1 above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]  **6.4.9.1 Ancillary Service Offers**  (1) A detailed description of the Ancillary Service Offers and validations performed by ERCOT is in Section 4.4.7.2, Ancillary Service Offers.  (2) QSEs may update their Ancillary Service Offers in Real-Time. SCED shall use the latest updated Ancillary Service Offers available to it at the time of the SCED execution. |