

## **TAEBA Comments of Support for Maintaining Third Party Aggregator Participation in the ADER Pilot Program**

The Texas Advanced Energy Business Alliance (TAEBA) is a trade association that represents a myriad of advanced energy technologies, including energy efficiency (EE), energy storage, distributed generation, microgrids, demand response (DR), electric vehicles (EV), and generation based on solar, wind, hydro, and nuclear resources. Foundational to the creation of the Aggregated Distributed Energy Resource (ADER) pilot project, TAEBA has advocated for the program to enable the participation of as many technologies and parties as possible so the program can foster innovation, promote competition, and produce the best usable data.

TAEBA has concerns with the new LSE-coordinated model for the ADER pilot proposed by Vistra at the Wholesale Markets Subcommittee meeting on April 2, 2025. The guiding language in the third version of the ADER Pilot Governing Document was carefully negotiated and ADER Pilot Taskforce participants voted to confirm it 17-4 as written. Maintaining a pilot program that is open to the greatest number of participants will produce the most robust data and most impactful ADERs for ERCOT to utilize as they evaluate the impact of the pilot and work towards the end goal of ADERs becoming effective market participants. Vistra's proposal would potentially undermine these benefits. In their proposal, Vistra's assertion that "uncoordinated 3<sup>rd</sup> party action" in deploying load resources has resulted in financial harm to an LSE.<sup>1</sup> However, this assertion that 3<sup>rd</sup> party load behavior could take an LSE outside of its "hedging swing band" is not accompanied with evidence showing that this is currently happening or that it has resulted in financial harm to date.<sup>2</sup> While ERCOT should be proactive in protecting its market participants, there is a lack of supporting data to show whether this is a scenario worth controlling for, or if current ADER program participation levels are high enough to even have meaningful effects on LSE hedging.

TAEBA's second concern is that Vistra's proposed ADER program changes would result in a contractual advantage to the LSE over the 3<sup>rd</sup> party QSE. The mutual contract termination clause Vistra proposes provides mutual ability for LSE and QSE parties to

---

<sup>1</sup> ADER Phase 3 Governing Document Comments Presentation, Slide 3.

[https://www.ercot.com/files/docs/2025/03/28/06.-WMS-Vistra-Presentation-on-ADER\\_FINAL.pdf](https://www.ercot.com/files/docs/2025/03/28/06.-WMS-Vistra-Presentation-on-ADER_FINAL.pdf)

<sup>2</sup> *Id.*

terminate a customers' participation in ADER, but structurally this proposal may compel the 3<sup>rd</sup> party QSE into a tentative reliance on the LSE to continually permit their access to ADER program participation. Allowing both parties to terminate a contract with notice is not enough of a guarantee of operational opportunity for the 3<sup>rd</sup> party aggregator to protect its own financial interests against a contract structure that inherently increases risk on their anticipated ADER revenue payments. Creating a program arrangement in the present which can remove 3<sup>rd</sup> party QSE access to any pilot revenues is a disproportionate response to potential future hedge losses from LSEs which have not yet been adequately evidenced. When ERCOT considers new protections for market participants, it should ensure that those protections do not result in uneven economic opportunities in the marketplace. ERCOT should also ensure that market protections for one class of participating party do not restrict market access for another type of party.

Our final concern is that the unfavorable contract conditions for 3<sup>rd</sup> party aggregators highlighted above could discourage program participation over time, impacting ERCOT's ability to grow the market for ADERs down the line. The degree to which this could affect the reliability and prices of the ERCOT system is unknown. However, the potential for future ADER participation in aggregations is significant, with an ability to provide targeted reliability to the system. Unnecessarily dampening resource participation in the ADER Pilot now could have consequences for grid reliability and ancillary service pricing and will have adverse effects on end use customers.

For these reasons, TAEBA recommends no new or modified operating requirements beyond what has already been negotiated in the Phase 3 ADER Pilot Governing Document. The ADER pilot is by nature a program that can be adjusted as more data and analysis is gathered in the program's implementation. If in the future evidence appears to show financial harm to LSEs, the issue can be revisited in the future.

