

# Non-LSE Participation in ADER as NCLRs

May 7, 2025



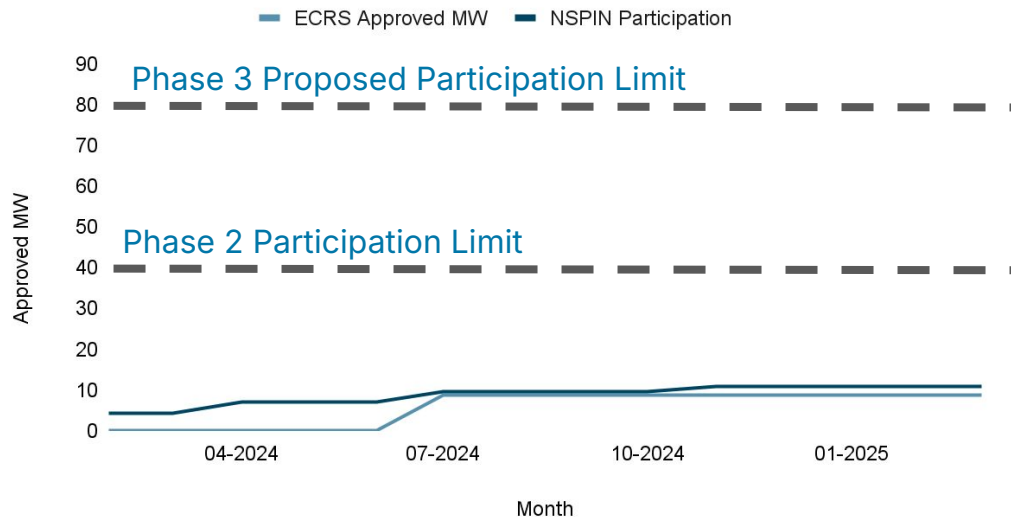
# ADER Background and Context



# ADER has seen slow growth, in part due to lack of pathway for third parties

- Commissioner Glotfelty memo, August 2024, requested the ADER Task Force to:
  - Explore non-REP participation in ADER
  - Provide a roadmap to grow program to 80 MW
- **Under Vistra's proposal, future ADER growth is at risk.**

Approved ADER MW



# Status Quo Phase 2 Restricting Third Parties is a Function of Participation Model

- In the Phase 2 governing doc, there is no explicit language to restrict a QSE that is not the LSE.
- Rather, the “prohibition” flows from the use of the CLR participation model, for which, under ERCOT Nodal Protocols, the participating QSE must be the same as the LSE serving the load.

# Under NCLR Status Quo, Third Parties Participate

- Third parties have offered NCLRs without need for LSE consent since the early 2000s.
- Creating a requirement that the ADER QSE must be the LSE, or must obtain the LSE's consent, would imply a governing document carve-out or exception to ERCOT's rules and operating procedures for NCLRs.
- Said carve-out/exception (1) adds administrative work for ERCOT, (2) increases program complexity, and (3) limits the scale and scope of ADERs.

# ADER Task Force Compromise Passed with Supermajority

## 100 kW cut-off was introduced to allay REP concerns

- November '24 ADERTF meeting: ERCOT presented on addition of A-NCLR for Phase 3; REP memo objected to third-party participation.
- December '24 ADERTF meeting: ERCOT presented Phase 3 redlines with language, "For ADERs participating in NCLR, sites are not required to have the same LSE."
- Due to REP concerns, stakeholders proposed a 100 kW site-level threshold for participation.
  - Compromise passed at TF by 17-4 supermajority, with some REPs expressing support for the compromise as a middle ground.
- **Because third-party participation was discussed extensively at the Task Force level with participation from TDSPs, ADER providers, ERCOT, Coops, and REPs, the compromise should be respected.**

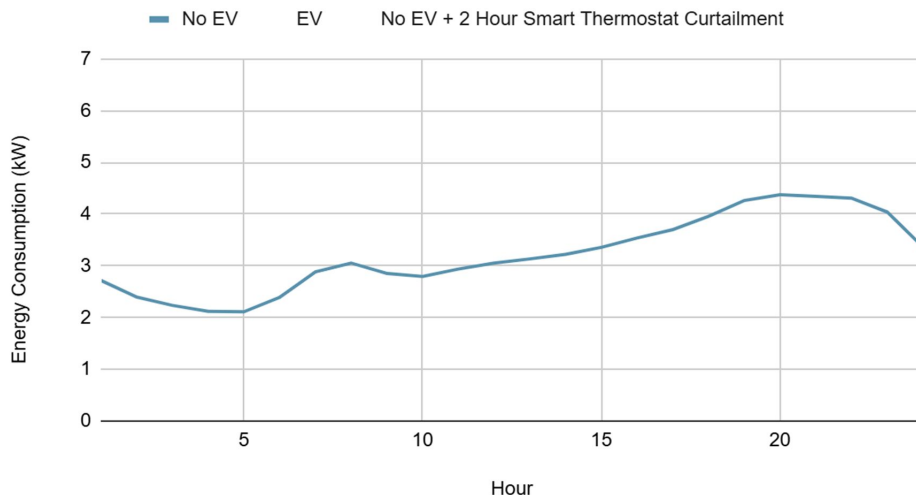
# Addressing Vistra Concerns



# Impacts of ADER on load shape are minimal compared to normal customer load deviations

- Vistra is concerned that ADER participation will affect their hedging position.
  - NCLR participation would at worst result in **curtailment** during high-priced hours, improving hedging position for REPs.
  - Consumers have the right to modify their **consumption** without necessarily informing the REP: *normal changes have a much larger impact on forecasted loadshape.*
- Proposed Compromise: Notify REP of customer enrollment in ADER.

Load Variation Due to Customer Intervention



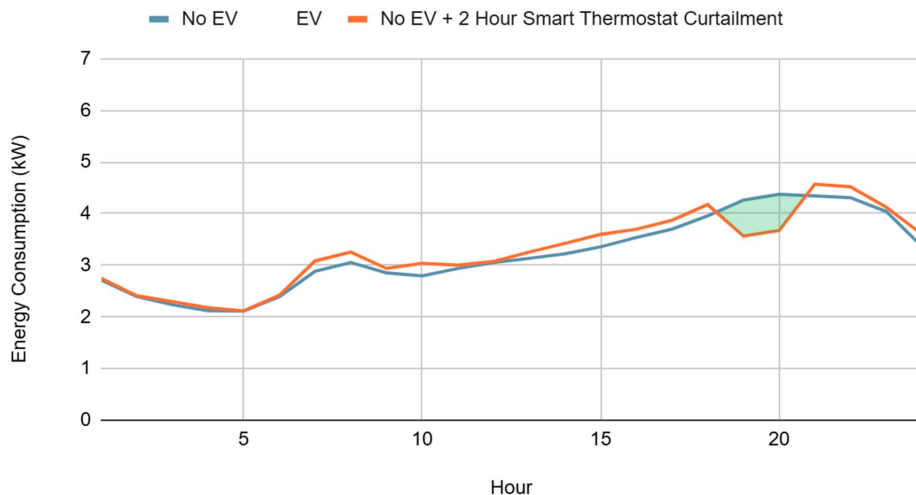
\*Modelling based on a Single Family home in Houston. EV charger is modelled to be a 2 kW EV charger charging in the evening. Smart Thermostat curtailment assumed to be 0.7 MW



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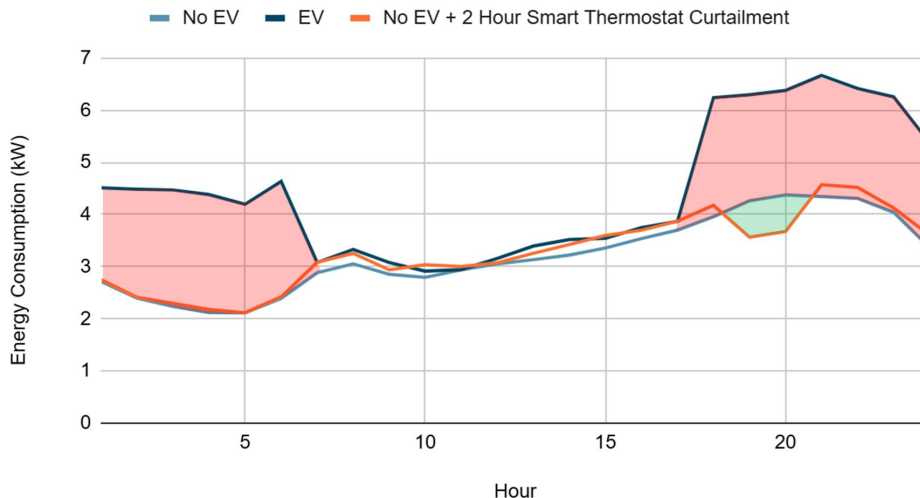


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# Large customers do not need LSE oversight of their third-party DER engagements

- Vistra seeks the ability to approve of the engagement between the customer and third party.
  - Exclusion of less sophisticated customers (i.e. customers  $\leq 100$  kW).
  - Customers  $> 100$  kW are aware of their contractual relationships and implications of program participation, insulating the LSE's reputation from any outcomes of ADER participation.
- Proposed Compromise: Utilize 100 kW cut-off until further discussion occurs through pilot.

# Maintain Commitment to Consideration of Broader Third Party Participation

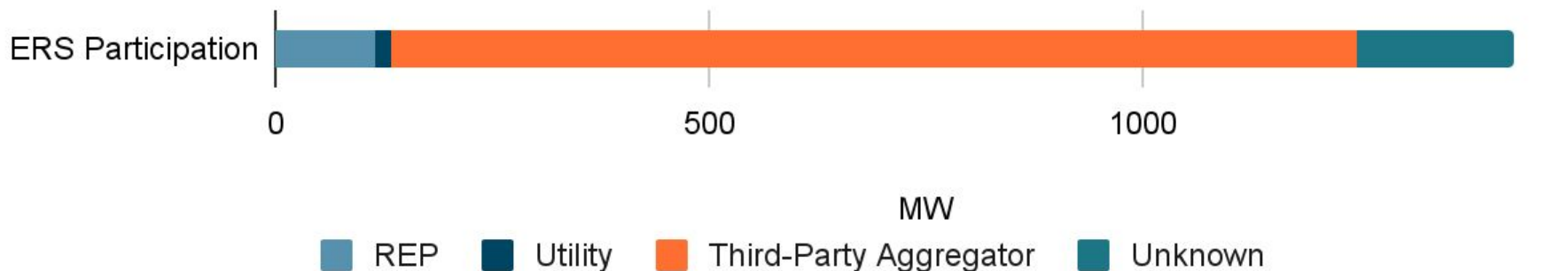
- Draft Phase 3 governing document sent by PUCT to ERCOT included a bullet in the "Policy Questions for Consideration in Phase 3" on considering rules for broader participation, including smaller customers.
- Vistra's redlines cut this bullet.
- Proposed Compromise: Bring back the language but without the Q2 2025 timeline.

# Path Forward



# Third Parties Today are Critical to Bringing DERs to ERCOT Programs

- Third parties have provided ERCOT and utilities with DR services for over 15 years without need for LSE/REP sign-off.
- Third parties have the expertise to handle ADER's technical complexity.
  - Over 80% of the ~1400 MW provided in ERCOT ERS for 2025 Winter season were provided by non-REP QSEs.\*



\*Based on ERCOT offer disclosure for 2025 Winter season (TP5)

# Requiring LSE consent will limit third-party ADERs

- Vistra's suggested redlines give a REP veto power over a consumer's participation in ADER, limiting customer choice and enabling non-competitive behavior
  - If the REP does not offer customers ADER participation, customer relies on REP's consent to participate in ADER.
  - If the REP also offers customers ADER participation, the REP could reject participation with non-REP and instead capture the customer.
- If certain LSEs routinely reject third party registrations, third parties will be limited in the scale and scope of the ADERs they can build.

# Recommendation

Option 1: Maintain the ADER TF supermajority compromise. Bring NCLRs to ADER without requiring changes or adding new ERCOT-managed processes.

Option 2.b (submitted redlines and form): Institute a notice requirement in lieu of a consent requirement. QSE provides to LSE, at least 45 days in advance, details of the Premises served by the LSE that will be registered in the ADER. ERCOT receives the notice and attestation that LSE has received the same.



# Appendix



# Redlines to Draft Gov Doc Sent by PUCT to ERCOT: Section 4, Policy Questions (purple by TF, light blue by Voltus/Leap)

- Alternative telemetry requirements to enable a broader range of DERs to participate in ADER while maintaining communication standards that allow ERCOT to safely and reliably operate the grid.
- Potential rule or rule changes regarding interoperability standards and their application to devices participating in the ADER Pilot Project.
- A review of changes required to facilitate broader 3<sup>rd</sup> party aggregation (i.e., not just for large facilities participating in NCLR per the 100kW threshold), which will consider: (1) applicable refinements to the notification or coordination requirements between LSEs (including REPs) and 3<sup>rd</sup> party QSEs that will help LSEs manage their obligations to their customers; (2) any other considerations for non-REP entities to work with smaller loads; and (3) the experience gained from limited 3<sup>rd</sup>-party participation in ADER Phase 3. This review will identify any additional changes needed to remove or reduce the 100 kW threshold. An exploration of TDU Load Management programs as an alternate route for small 3<sup>rd</sup> party DERs may also be pursued.

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## 5. Phase 3 of the Multi-phase Pilot Project

### a. Background and Basic Program Parameters

# Redlines Con't.: Section 5c, Eligibility and Qualification (blue by Voltus/Leap)

2. QSE must notify each LSE serving one or more Premises in the proposed ADER via a Notification to Non-Submitting LSE (See Appendix X)
  - For each ADER that contains Premises for which the QSE is not the LSE, the QSE will submit to each applicable LSE a Notification to Non-Submitting LSE (See Appendix X) that

# Redlines Con't.: Section 5c, Eligibility and Qualification

contains therein or in attachment "Premise Details for LSE Notification" (see Appendix Y) the following information for every Premise in the proposed ADER that the subject LSE serves.

- Premise unique identifier (name/ID):
  - An indication of whether the ADER telemetry contribution from the Premise is at its TDSP-read meter location or device location:
  - ESI ID (or unique meter identifier, if the ADER is in a NOIE territory) of the TDSP-read meter that measures consumed energy from the grid and/or injected energy into the grid at the Premise:
  - The MW capacity that the Premise is intended to contribute to the ADER within which it will be aggregated.
- The Notification will include the QSE's attestation to the accuracy of the information contained therein and attached. The Notification will also certify that a copy has been sent to the LSE's registered ADER representatives per the service list maintained by ERCOT for purposes of QSE to LSE communication.
- Lead Time: the Notification will be provided to the LSE at least 45 days prior to the start of market participation.
- The information disclosed in the Notification and any attachments is Protected Information.

# Draft Notification Form

This Acknowledgment is signed by an officer of [QSE PARTICIPANT NAME], a participant in the "Aggregate Distributed Energy Resource Pilot Project" ("ADER").

By my signature, I notify ERCOT and [LSE NAME] that [QSE PARTICIPANT NAME], a Qualified Scheduling Entity in the ERCOT Region ("QSE"), intends to register the below-listed Premise/s, whose Load Serving Entity ("LSE") is [LSE NAME], in an aggregation under ADER. Details for each Premise as outlined in the §xx of the ADER Governing Document for Phase 3 are included in the attached spreadsheet, "Premise Details for LSE Notification".

By my signature, I attest to the accuracy of the data provided herein and in the attached, and I certify that a copy of this Notification has been sent by electronic mail to both ERCOT and [LSE NAME] on the date listed below, which falls at least 45 days prior to the intended registration of every below-listed Premise in accordance with the requirement of §xx. The Notification has been sent to the LSE's registered ADER representatives, as listed below, per the service list maintained by ERCOT for purposes of QSE to LSE communication.

Submitting QSE: \_\_\_\_\_

Officer Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ***LSE Registered ADER Representatives as of [Date]***

Name: \_\_\_\_\_

Email: \_\_\_\_\_

Name: \_\_\_\_\_

Email: \_\_\_\_\_