

May 7, 2025

Wholesale Market Subcommittee

3rd-Party ADER Participation



Introduction



Introduction

Leap aggregates and sells energy to keep the grid continuously in balance.

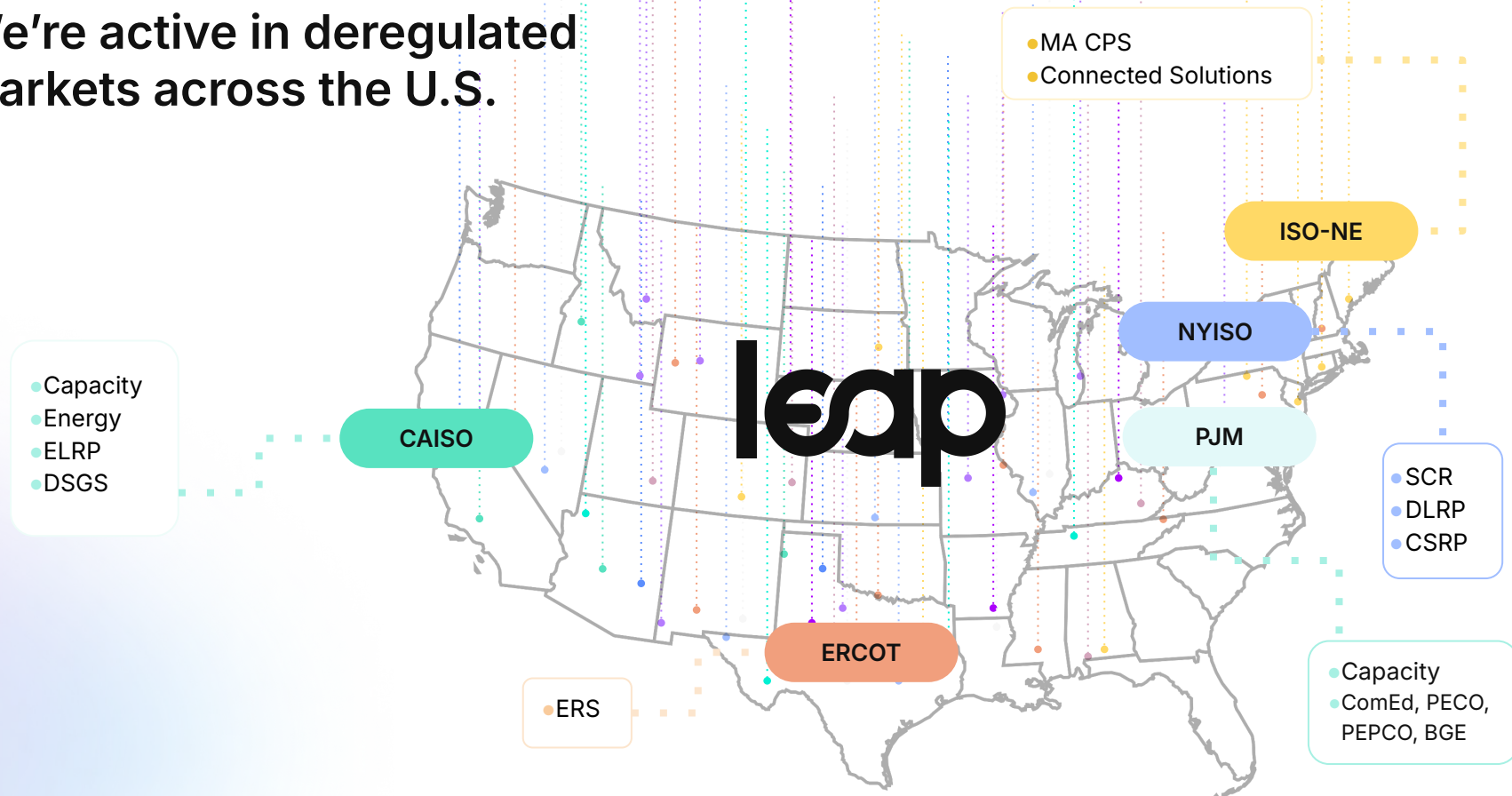
We enable our partner ecosystem to supply zero-carbon virtual power plants (VPPs) to support the grid.

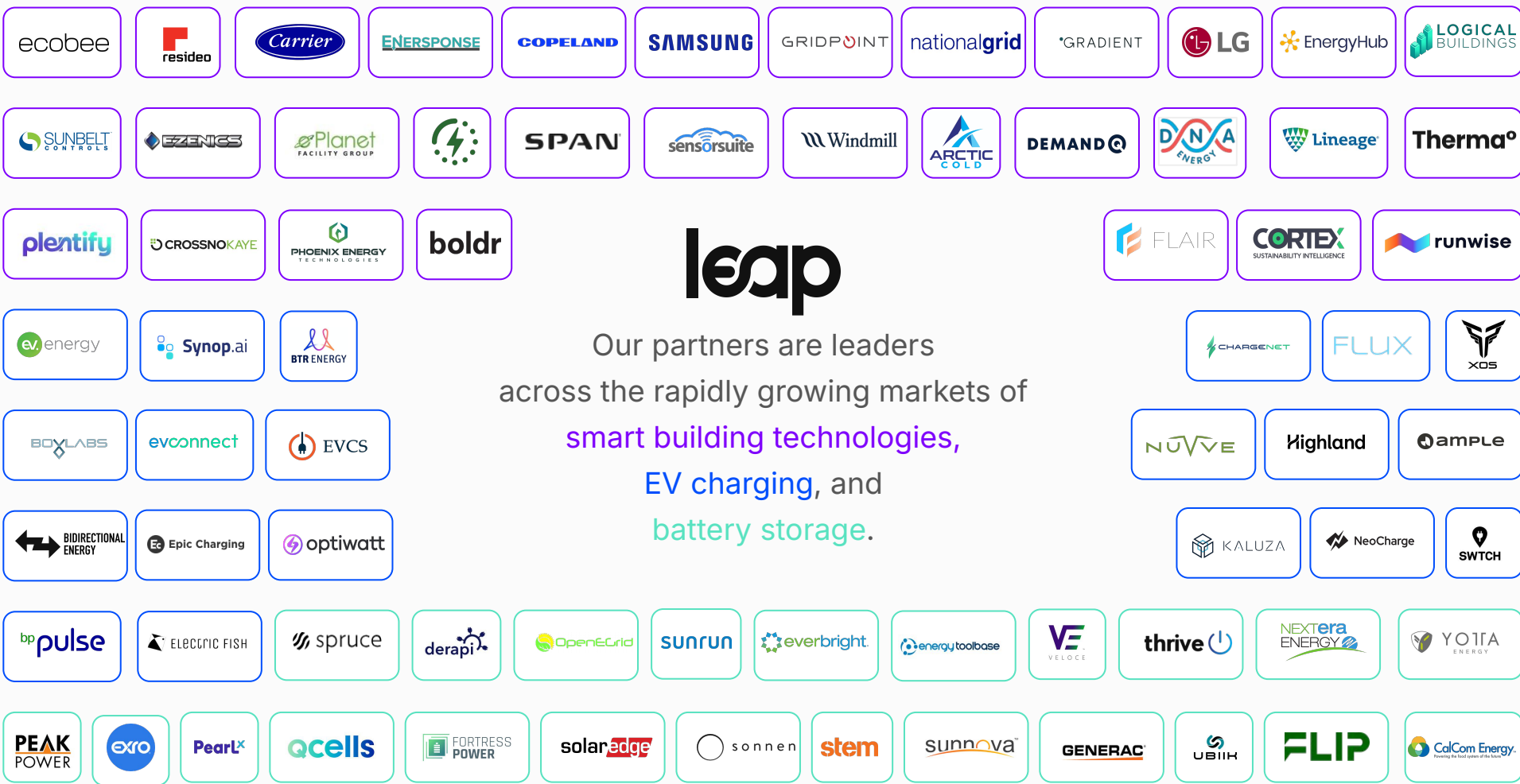
- 1 Virtually aggregate our partners' energy assets
- 2 Sell energy and capacity into energy markets
- 3 Share revenue with our partners



Introduction

We're active in deregulated markets across the U.S.





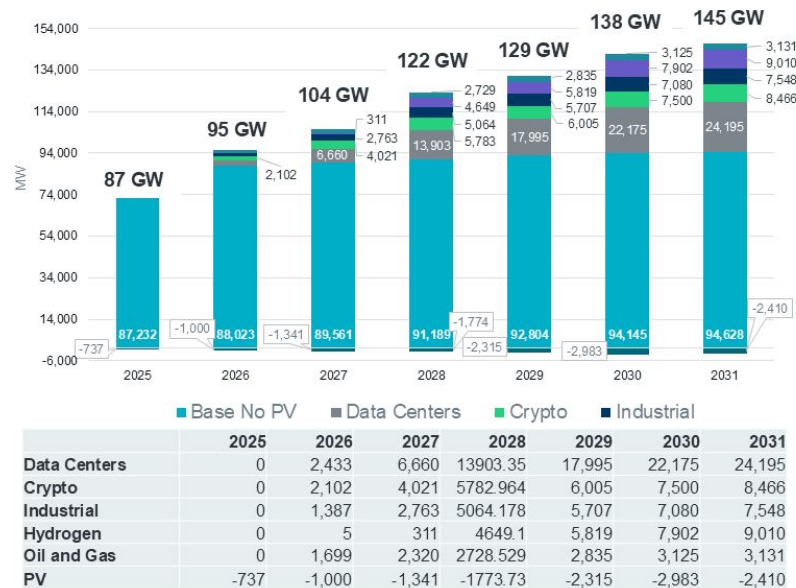


Scaling ADER via 3rd-Party Aggregation



Setting the Stage: What are we trying to accomplish?

- **Reliability:** Post-Uri "Roadmap to Improving Grid Reliability" calls out the need to eliminate barriers for DR to participate in ERCOT marketplace
- **Scale:**
 - ADER has failed to meet Phase 1 goal of 80 MW enrolled
 - ADER Governing Document calls out intention to expand overall participation
- **Speed:** ERCOT modeling predicts Texas power demand will nearly double by 2030



Key Point: ERCOT has successfully introduced more competition to this sector than any other state or ISO in the U.S. **to the benefit of customers**

Source: ERCOT


Setting the Stage: How did we get here? (1/2)

- **Oct. 18, 2022:** Current ADER Governing Doc approved by ERCOT with a participation model that treats ADERs as ALRs under the ERCOT Protocols (i.e. QSE matching is required)
- **Aug. 14, 2024:** Com. Glotfelty files memo identifying the QSE matching requirement as a barrier to expanding the ADER program
 - "Over phase one, we have not met that [80 MW] goal and that is ok. We better understand the barriers to expansion and now is the time to address them."
 - "The Task force should look at if it is possible for a consumer to select a VPP provider that is not their Retail Electric Provider."
- **Sep. 27, 2024:** ERCOT proposed the NCLR ("blocky") participation model in ADER, specifies that QSE matching requirement is not needed with this model ("Original Proposal")
 - "While the primary goal for ERCOT is looking for ways to expand participation in the pilot in a fair and reliable way, this type of participation could have a relationship to multiple points raised by Commissioner Glotfelty in his memo on August 14th. Specifically, under today's rules for Load Resources under the "blocky participation model, **the Qualified Scheduling Entity (QSE) representing the Resource does not have to be the QSE representing the premise/electric provider as the Load Serving Entity (LSE).**" (emphasis added)

Setting the Stage: How did we get here? (2/2)

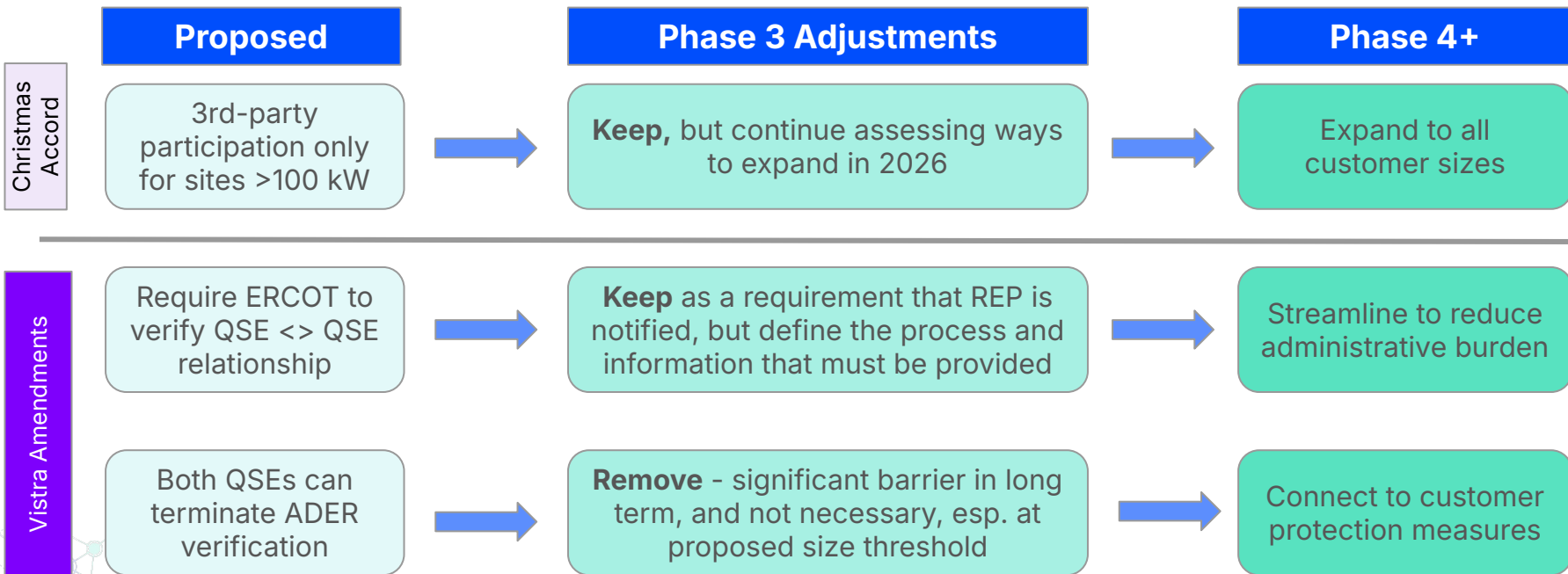
- **Nov. 18, 2024:** REP Group (i.e. Octopus, NRG, Vistra, Shell, and Base Power Company) files comments expressing concerns about removing the QSE matching requirement
- **Dec. 17, 2024:** Voltus files comments emphasizing the importance of removing the QSE matching requirement and addressing REP Group concerns. Task Force holds several ad hoc meetings in late December, eventually arriving at the 100 kW threshold as an interim compromise ("Christmas Accord")
- **Feb. 6, 2025:** PUCT memo moves ADER discussions move to the general ERCOT stakeholder process
 - "The larger stakeholder community at ERCOT will **allow for more rapid growth** of the pilot, **especially as ERCOT considers new types of loads that can participate as an ADER.**" (emphasis added)
- **Apr. 2, 2025:** Vistra proposes that the Christmas Accord compromise be eliminated, or amended with additional conditions ("Vistra Amendments")

3rd-party aggregation provides the most scalable model for DR market participation

- ERCOT ERS program provides up to **1,000 MW** of load reductions across 24,000 sites via 3rd-party aggregators
 - 3rd-party aggregators can work with all customers of a specific DER provider or technology, allowing for rapid customer acquisition and enrollment
 - Customers can be enrolled at point-of-sale or through outreach via customers' apps
 - To date, the main ADER participant is a REP that is also DER company (i.e. Tesla)
 - Companies that Leap partners with expect to have **80+ MW** of potential capacity in 2026
 - Participating through customers' LSE creates prohibitively large hurdles for enrollment process, restricting participation of 3rd party aggregators that serve this role in other markets
 - DER aggregators would need to partner and contract with **20-30 different REPs** and associated QSEs to enroll their entire portfolios
 - Becoming a REP is a complicated and expensive process that most companies won't undertake
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Scaling ADER

With adjustments, proposed compromise could be promising first step



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