



Item 4.5: Preview of ERCOT Recommendation regarding 2026 ERCOT Methodologies for Determining Minimum Ancillary Service Requirements

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Board of Directors Meeting

ERCOT Public

June 23-24, 2025

Overview

- **Purpose**

- Provide a preview of upcoming changes to ERCOT's Methodology for Determining Minimum Ancillary Service Requirements for 2026, including a change to a more probabilistic methodology for calculating ECRS and Non-Spin Reserve Service quantities

- **Voting Items / Requests**

- No action is requested of the Board of Directors; for discussion only

- **Key Takeaways**

- In accordance with the findings of the PUCT's 2024 Ancillary Services Study, ERCOT is changing the methodology for calculating hourly ECRS and Non-Spin quantities for 2026.
- The new probabilistic methodology is expected to result in a more precise accounting of forced outage and/or net load forecast error risks to be covered by ECRS and Non-Spin.
- ERCOT will present the comprehensive set of changes for the 2026 Ancillary Services Methodology at the September Board meeting.

Background

- To fulfill the requirements of ERCOT Protocols Section 3.16,
 - ERCOT must review its Ancillary Services (AS) methodology annually,
 - The Board must review and recommend approval of the methodology, and
 - The PUCT must approve the methodology prior to implementation.
- The PUCT's [2024 Ancillary Services Study](#) included the following finding (Topic 5):

ERCOT should develop a suitable probabilistic, forward-looking modeling capability, provide regular updates to TAC, and present options that can be incorporated no later than the 2027 AS Methodology.

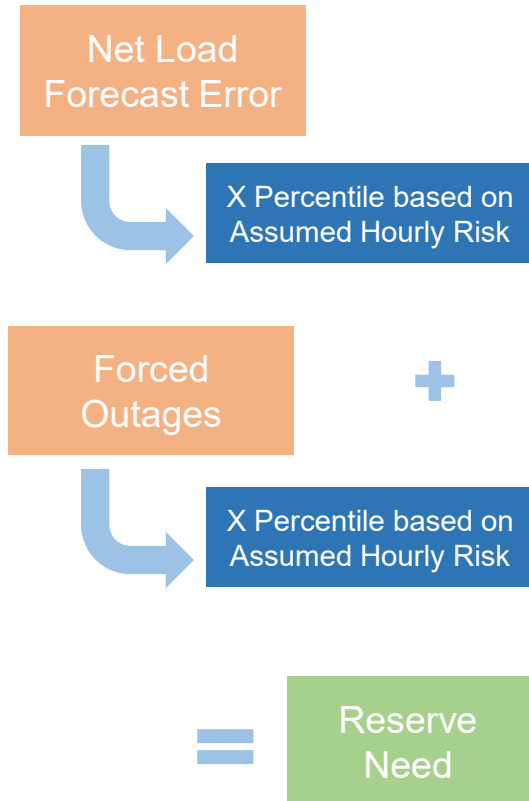
 - ERCOT intends to incorporate this capability in the 2026 AS methodology and will present the full methodology to the Board in September.

ERCOT Ancillary Services

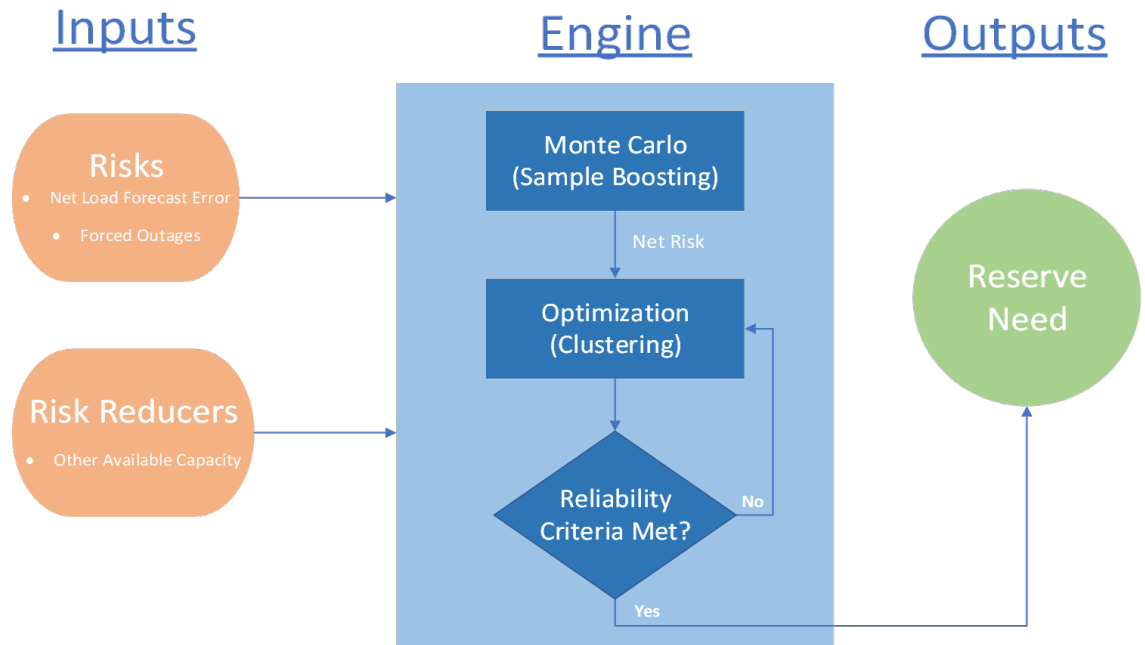
	Purpose	Timeframe	Quantity Calculation
Regulation Up and Down	Frequency control, normal and unexpected forced outages	Seconds to minutes	Historical system response and study of system physics
Responsive Reserve			
ERCOT Contingency Reserve	Capacity and energy for unexpected forecast errors and forced outages	Minutes to hours	Statistical analysis of forecast and outage risk
Non-Spin			
<i>Dispatchable Reliability Reserve (Future)</i>			

What is changing for ECRS and Non-Spin?

Current Methodology



2026 Methodology



What is not changing?

Regulation Up/
Down, RRS, and
the Frequency
Response Portion
of ECRS

Annual AS Quantity
Calculation

Risks are not
Decreasing

- The methodology for calculating quantities for Regulation Up/ Down, Responsive Reserve and the frequency response portion of ECRS may have minor adjustments but not as significant as the probabilistic methodological changes proposed for ECRS and Non-Spin.
- The 2026 AS Methodology will continue to set quantities on an annual basis. The change to a “Dynamic” AS Methodology (setting quantities on a daily basis, closer to the operating day), is currently scheduled for 2027.
- Forced outages and forecast errors still occur. As the system continues to add variable renewable resources, the risk of weather forecast errors impacting assumed resource capacity and energy is expected to increase. It should not be assumed that a probabilistic methodology will reduce AS quantities in all hours.

Stakeholder Engagement

- ERCOT has already hosted the [first](#) of two planned workshops to introduced the probabilistic framework. The second workshop, scheduled for June 30, will discuss preliminary quantities calculated using the probabilistic approach.
- ERCOT has requested stakeholders to provide feedback on these topics. ERCOT will work to take stakeholder comments into account as we refine the methodology.

PLANNED 2026 METHODOLOGY REVIEW TIMELINE

- ✓ April 23, 2025 – [TAC Kickoff](#)
- ✓ May 19, 2025 – [Workshop #1](#)
- June 20, 2025 – PDCWG
- June 30th – Workshop #2
- July 07, 2025 – WMWG (Proposed)
- July 15, 2025 – OWG (Proposed)
- July 22, 2025– PDCWG (Proposed)
- August 06, 2025 – WMS
- August 07, 2025 – ROS
- August 28, 2025 – TAC
- September 23, 2025 – BoD
- Oct, Nov, Dec 2025 – PUC