



Item 11.1.2.1: ERCOT Comments on NPRR1282

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Board of Directors Meeting

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Overview

- **Purpose**

- To support the TAC recommended version of NPRR1282, including a description of the reliability need for NPRR1282, the key considerations that played a role in establishing the recommended duration for each Ancillary Service and a response to Stakeholder comments.

- **Voting Items / Requests**

- ERCOT requests approval of the TAC-recommended version of NPRR1282

- **Key Takeaways**

- NPRR1282 specifies duration requirements of Ancillary Services (AS) to be effective when Real-Time Co-optimization with Battery Single Model (RTC+B) is implemented in December 2025.
- ERCOT's recommended duration for each AS product is based on reliability needs from the perspective of energy sufficiency to respond to typical events that may be experienced. These do not take into account any future AS that has not currently been implemented.
- Based on stakeholder feedback, ERCOT will revisit the underlying analysis post RTC+B go live as a part of work it is conducting in response to the PUC's AS Study.

NPRR 1282 specifies AS Duration needed to maintain continued reliability under RTC

- **NPRR1282 specifies duration requirements of AS** that are procured in Real-Time Market (RTM) by RTC+B **based on reliability needs** from the perspective of energy sufficiency to respond to typical events that may be experienced.
- **AS duration requirements will play a critical role in ensuring Resources** with sufficient energy **will self-commit and will be available in Real Time** for RTC to dispatch or assign reserves to respond to prolonged events triggered by under-forecast errors or forced outages.
- Base Points will be issued under RTC+B in the RTM considering the **system's needs only for the next five minutes**.
 - **Without the duration requirements** for AS as proposed by ERCOT in NPRR1282, **RTC+B could dispatch Resources in a manner that does not maintain sufficient stored energy** to mitigate a longer-duration forecast error event.
 - **With NPRR1282 duration requirements in place**, SCED will dispatch Resources in a manner that does not maintain sufficient stored energy to mitigate a longer-duration forecast error event **only when prices rise to the point where it is more optimal to dispatch for energy** and not procure the full quantity of Non-Spin.
 - Additional system changes are needed to better manage State of Charge (SOC) requirements across future hours. ERCOT will continue working on identifying these changes and will share its findings/progress with TAC and the appropriate stakeholder groups.

Key Takeaway: ERCOT-recommended AS duration requirements are necessary to ensure that Resource with sufficient energy will self-commit and be available to mitigate longer-duration forecast error or forced outage events

Response to Stakeholder & IMM Comments

- ERCOT disagrees with the argument that NPRR1282 is incongruent with PUCT's policy direction laid out in NPRR1186.
 - Under pre-RTC+B setup, NPRR1186 was necessary to “hide” SOC from SCED in order to preserve that SOC as reserves for future events. The “times one and slope to zero” **compromise for SOC** for pre-RTC+B SCED **avoided “stranding” stored energy** that could have occurred **if the 2-hour/4-hour duration requirements were enforced**. Further this compromise provided QSEs maximum flexibility in assigning their DAM AS awards to appropriate Resources in Real-Time.
 - Under RTC+B, because AS awards and energy dispatch are co-optimized in Real Time, there is **no stranding of energy**. NPRR1204 along with duration requirements in NPRR1282 make energy along with **all capacity available to RTC+B SCED** to either dispatch to serve load or preserve as reserves subject to AS duration requirements.
- ERCOT disagrees with the argument that a higher duration for qualification and lower duration for procurement can help in meeting the system's reliability needs.
 - A higher duration for qualification in comparison to procurement has the effect of distributing the awards across more Resources but **does not effectively position the full fleet of Resources in Real-Time to provide a sustained energy response** necessary to manage a prolonged event.
- ERCOT agrees that its possible RTC+B-SCED may award energy over AS to ESRs, effectively using ESR energy early in an event.
 - This outcome is a function of difference between energy duration (5-min) and needed AS duration (much longer), system conditions, AS plan and energy offers. During scarcity conditions, it is appropriate for RTC+B SCED will value energy over reserves. If scarcity/higher prices occur earlier than the net peak hours, ESRs have the ability to change their energy offers to preserve or recover SOC for the later hours.



Conclusion

- NPRR1282 specifies duration requirements of AS to be effective when RTC+B is implemented in December 2025 based on reliability needs from the perspective of energy sufficiency to respond to typical events that may be experienced.
- ERCOT agrees that upon implementation of RTC+B it is important to continue monitoring how RTC+B will impact operations on days when there is a sustained under-forecast in net load and/or forced outages, both to assess the efficacy of the AS duration requirements and ensure that market outcomes are appropriately valuing reliability needs.
 - To this end, ERCOT will revisit the underlying analysis post RTC+B go live as a part of work it is conducting in response to the PUC's AS Study.
- ERCOT is also agreeable to revisiting the AS duration requirements when Dispatchable Reliability Reserve Service (a new AS product with up to a two hour start time and four-hour duration) is implemented.
- ERCOT recognizes that with the expected continued growth of ESR installed capacity additional system changes will be needed to better manage SOC requirements for future hours, which could also lower duration requirements. ERCOT will continue working on identifying these changes and will share its findings with TAC and the appropriate stakeholder groups.

Key Takeaway: ERCOT requests that the Board approve the TAC-recommended version of NPRR1282.