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| NOGRR Number | [272](https://www.ercot.com/mktrules/issues/NOGRR272#summary) | NOGRR Title | Advanced Grid Support Requirements for Inverter-Based ESRs |

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| Date | July 10, 2025 |

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| Submitter’s Information |
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| Market Segment | Not applicable |

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| Comments |

**Executive Summary**

* Nodal Operating Guide Revision Request (NOGRR) 272, while well-intentioned, presents significant implementation, equity, and legal concerns. As currently drafted, it imposes binding, uncompensated technical mandates solely on Energy Storage Resources (ESRs).
* HGP respectfully notes that key provisions may inadvertently conflict with Texas Utilities Code § 39.918, which prohibits discriminatory or anticompetitive treatment of energy storage.
* ERCOT has not applied these same obligations to synchronous generators—particularly combined-cycle gas turbines (“CCGTs”)—highlighting a clear regulatory asymmetry.
* We encourage ERCOT to reevaluate NOGRR272 through the lens of Texas law and, if uncertainty remains, to revert the issue to Texas lawmakers for clarification.
* We recommend ERCOT instead pursue Nodal Protocol Revision Request (NPRR) 1278, Establishing Advanced Grid Support Service as an Ancillary Service, which would establish Advanced Grid Support (AGS) as a compensated, market-based Ancillary Service.

**HGP’s Broader Commitment to Grid Reliability**

HGP continues to be committed to helping build a resilient, reliable, and dispatchable ERCOT grid. Our development strategy reflects an “all-of-the-above” approach—including utility-scale battery storage, hybrid projects, and gas-fired generation where it makes sense for grid stability.

However, the current market and regulatory environment make this nearly impossible to execute in practice. Between rapidly shifting interconnection and performance protocols, uncompensated mandates on emerging technologies, and a low-priced, Operating Reserve Demand Curve (ORDC)-suppressed energy market, projects that are both reliability-focused and capital-intensive—including gas or firm storage-backed Resources—are increasingly non-viable.

This isn’t simply a matter of project economics. It’s about whether developers can credibly forecast regulatory risk, revenue certainty, and performance requirements over the multi-year development timelines required to bring new flexible assets online.

Rather than enabling this next generation of flexible, firming infrastructure, protocols like NOGRR272—when structured as mandates rather than compensated services—push Market Participants toward deferral, downsizing, or market exit.

**Legal Risk: Potential Inconsistency with Texas Utilities Code § 39.918**

**Texas Utilities Code § 39.918(a) states:**

*“The commission or an independent organization certified under Section 39.151 may not adopt or enforce a rule, protocol, or standard that is unreasonably discriminatory or anticompetitive against energy storage facilities or resources.”*

NOGRR272 proposes requirements that are:

* Exclusive to ESRs (e.g., grid-forming operation, specific phasor behavior during faults);
* Not required of other Resources, including synchronous generation and other inverter-connected technologies;
* Uncompensated, despite delivering measurable reliability benefits.

We believe this creates a discriminatory framework that, even unintentionally, risks violating § 39.918.

**Conclusion**

HGP stands ready to support ERCOT in building a modern, resilient, dispatchable grid. But policies like NOGRR272—when structured as uncompensated mandates targeting only one class of resources—undermine rather than enable that future.

ERCOT must ensure that its protocols:

* Are consistent with Texas law;
* Treat resources fairly and equitably;
* And foster—not inhibit—the development of the diverse mix of flexible assets the grid urgently needs.

We urge ERCOT to revise NOGRR272 or shift to a market-based, inclusive AGS framework that respects both investment realities and statutory limits. We welcome continued engagement and offer our support in shaping that path forward.

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| Revised Cover Page Language |

None

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| Revised Proposed Guide Language |

None