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

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| Date | May 13, 2025 |

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| Market Segment | Independent Generators |

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| Comments |

Plus Power appreciates the opportunity to file these additional comments on Nodal Operating Guide Revision Request (NOGRR) 272. As an Independent Power Producer and energy storage provider in Texas, with more projects in development, we appreciate ERCOT’s efforts to enhance grid reliability through voltage support, synchronous condensers, and emerging technologies like grid-forming capabilities in Energy Storage Resources (ESRs). However, we continue to have significant concerns about the proposal.

In our initial comments filed on January 15, 2025, we relayed that Plus Power’s Kapolei Energy Storage (KES) facility in Oahu, Hawaii performs grid-forming services as a condition of its contract with Hawaiian Electric and is renumerated for these additional services. We also provided examples of the costs that a resource owner incurs in its initial capital investment as well as ongoing Operations and Maintenance (O&M) expenses to provide these services. In these comments, Plus Power reiterates that having the capability to provide grid-forming services does not come *gratis.* The expectation that existing resources will supply these services without remuneration fails to account for the additional costs associated with hardware, software, modeling, testing, and compliance to make the facility capable of providing those services. Requiring new resources (and potentially existing resources if ERCOT’s proposed requirements are applied retroactively) to incorporate these capabilities without adequate compensation could send the wrong signal to Market Participants, discouraging investment and ultimately jeopardizing reliability.

Since filing NOGRR 272, ERCOT Staff has indicated that this proposal will not impose cost requirements on ESRs because it merely requires these resources to provide support when the resource has available capacity and State of Charge (SOC) and is within the design capability of the resource. See, e.g., ERCOT presentation to Reliability and Operations Subcommittee on February 6, 2025, *NOGRR272/PGRR121 Advanced Grid Support Requirements for Inverter-Based ESRs*, at 7. But as noted above, there is a cost to enable the capabilities ERCOT is seeking to require through NOGRR 272.

Moreover, in order to provide the actual advanced grid support services that are necessary to achieve ERCOT’s justification supporting NOGRR272, there are additional costs, including lost opportunity costs, incurred to provide advanced grid support services as discussed in Plus Power’s January 15 comments. As a result, rather than imposing an uncompensated mandate on a selected group of resources (new ESRs) which will benefit the entire market, Plus Power respectfully recommends that ERCOT withdraw NOGRR272 and instead focus on adopting a compensatory framework such as proposed in NPRR1278, Establishing Advanced Grid Support Service as an Ancillary Service, that properly compensates new and existing ESRs capable of providing grid-forming services, recognizing that incentivizing participation now would enhance reliability far sooner than waiting for new resources to come online in the future.

ERCOT’s assumption that ESRs should provide these services without compensation stands in contrast to how other U.S. markets approach ancillary services. Regional Transmission Organizations (RTOs) such as PJM and CAISO compensate ESRs for providing critical services, ensuring alignment between market signals and reliability needs. ERCOT should follow suit by establishing a clear regulatory framework for remuneration, ensuring that storage providers are properly incentivized to invest in the technology adaptations necessary to perform grid-forming services in particular.

Second, performance requirements for these grid-forming services from ESRs must be clearly defined. As Jupiter Power LLC pointed out in its December 4, 2024 comments, the proposed requirements in NOGRR272 are vague and create compliance uncertainty. For instance, terms such as maintaining voltage phasors at "constant or near-constant,” and response timing to be “immediate,” lack precise technical definitions, which could lead to inconsistent enforcement or operational challenges. Clear, reasonable, and enforceable performance standards must be established so that resource owners know exactly what is required of them. Additionally, ongoing evaluation by technical working groups—such as the Performance, Disturbance, Compliance Working Group (PDCWG) and Dynamics Working Group (DWG)—should be incorporated to monitor and refine performance expectations over time.

Third, grid-forming services must be integrated into the broader ancillary service framework. While Plus Power supports the inclusion of grid-forming technology in ERCOT’s reliability strategy if remunerated, addressing only one service in isolation is inefficient and could lead to disruption in reliability and unintended market consequences. Grid-forming capabilities can also include additional reliability benefits, such as virtual inertia and black start functionality, which must be considered holistically rather than in piecemeal regulatory changes. ERCOT should align this effort with broader ancillary service planning discussions, ensuring that all components work together to create a stable and reliable market structure.

Given these concerns, we urge ERCOT to withdraw NOGRR272 and instead focus on the development and adoption of NPRR1278.Moreover, instead of isolated policy changes, Plus Power recommends that ERCOT pursue a comprehensive ancillary services framework that provides fair compensation, clear compliance requirements, and integrated market incentives. A well-structured approach would ensure participation from both new and existing ESRs, improving reliability while maintaining the right incentives for market participants.

We appreciate the opportunity to provide comments and look forward to continued collaboration with ERCOT and stakeholders to support a sustainable and effective market structure.

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| Revised Cover Page Language |

None

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| Revised Proposed Guide Language |

None