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| NPRR Number | [1315](https://www.ercot.com/mktrules/issues/NPRR1315) | NPRR Title | Changes to Process of Evaluating the Potential Needs for Additional Capacity |
| Date Posted | | December 19, 2025 | |
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| Requested Resolution | | Normal | |
| Nodal Protocol Sections Requiring Revision | | 6.5.1.1, ERCOT Control Area Authority | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) adds notification requirements for ERCOT to follow when ERCOT has determined that additional capacity is needed to prevent an imminent Emergency Condition or to restore the ERCOT Transmission Grid to a secure state in the event of an ERCOT Transmission Grid Emergency Condition. Under the revisions, ERCOT would notify the Public Utility Commission of Texas (PUCT) when it has made such a determination and would also notify the PUCT prior to entering into any contract for additional capacity.  This NPRR also extends the study horizon for evaluating and potentially contracting for capacity to prevent anticipated Load shed events. ERCOT proposes this study horizon extend up to two years instead of just the current or next Season. This NPRR also expands the set of eligible Resources that can respond to the “Requests for Proposal” (RFPs) to include new Resources and not be limited to existing Resources. Additionally, these revisions explain that an eligible Resource could be a Resource that is already planned to be interconnected and that, in such a case, if ERCOT is paying for an acceleration of such a Resource to interconnect, ERCOT must be provided with a detailed explanation that demonstrates that any payments to accelerate planned capacity is justifiable and reasonable, and that the acceleration would not have occurred otherwise.  Finally, this NPRR also proposes a provision allowing ERCOT to potentially accept an Incentive Factor for a Resource contracted under Section 6.5.1.1 to be a value other than 10%.  The Incentive Factor can differ from that described for Reliability Must-Run (RMR) Resources in Section 3.14.1.17, Incentive Factor, as long as it is reasonably justified, and may be reduced based on specific performance metrics of the Resource. | |
| Reason for Revision | | [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 1 – Be an industry leader for grid reliability and resilience  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 3 - Advance ERCOT, Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission  General system and/or process improvement(s)  Regulatory requirements  ERCOT Board/PUCT Directive  *(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)* | |
| Justification of Reason for Revision and Market Impacts | | The Public Utility Regulatory Act (PURA) §39.151 (a)(2) requires that ERCOT must “ensure the reliability and adequacy of the regional electrical network.” Section 6.5.1.1 authorizes ERCOT to perform specific actions for the limited purpose of securely operating the ERCOT Transmission Grid under the standards specified in North American Electric Reliability Corporation (NERC) Standards, the Nodal Operating Guides and the Protocols. These additional actions noted under Section 6.5.1.1 might be needed to prevent an imminent Emergency Condition or to restore the ERCOT Transmission Grid to a secure state in the event of an ERCOT Transmission Grid Emergency Condition.  ERCOT has utilized Section 6.5.1.1 to seek additional capacity four times since Nodal Market go-live: summer of 2011; winter of 2023-2024; summer of 2024; and the period from April 1, 2025, through March 31, 2027. The first two times were regarding an ERCOT-wide insufficiency; the last two times were regarding relief on relevant transmission facilities (South Texas Interconnection Reliability Operating Limits (IROLs)), with the final time specifically seeking alternatives to the provision of service by one or more of the Life Cycle Power mobile units or by an RMR Agreement for Braunig Units 1 & 2. During the latter of those requests, ERCOT committed to revise its Protocols to more formally provide the PUCT with notice when ERCOT was either seeking additional capacity through Section 6.5.1.1 or through statute. Revisions in this NPRR therefore include language that provides greater transparency and notice to the PUCT.  Additionally, in evaluating and procuring capacity needs to prevent an Emergency Condition, the current Protocols limit ERCOT to evaluating only the current or next Season and only considering existing capacity that may be used to maintain ERCOT System reliability in a manner not otherwise delineated in the Protocols and the Nodal Operating Guides. This limitation could prevent ERCOT from taking the necessary steps to secure capacity that could avert an anticipated Emergency Condition. To this end, ERCOT has provided language to specify that the study period to evaluate and potentially contract for capacity be extended up to a two-year period, if ERCOT studies support the need, potentially resulting in the following benefits:   1. Helps prevent an anticipated Emergency Condition by assessing the necessity of a contract for capacity and to identify any potential grid reliability risks associated with the identified capacity shortfall; 2. Provides more time for ERCOT to develop the RFP for services; 3. Allows more time for ERCOT to carefully evaluate offers; 4. Allows Market Participants more time to develop suitable Resource proposals and submit contract for capacity offers that meet specifications identified in the RFP; 5. Awards Resources more time to get ready to meet their contractual obligations; and 6. Possibly reduces the need to RMR (and Must-Run Alternative (MRA)) Resources that might be considering permanently mothballing the Generation Resource, potentially resulting in an overall lower cost.   In addition, the current Protocol language limits ERCOT to procuring only existing capacity in order to exercise its authority to prevent an anticipated Emergency Condition relating to serving Load in the current or next Season. However, there may be scenarios where cost-effective new alternatives that are not “planned” capacity reflected in a Report on Capacity, Demand and Reserves in the ERCOT Region (CDR), such as mobile generation or Energy Storage Resources (ESRs), can be procured to help maintain ERCOT System reliability. If those options are more cost effective than existing capacity, which likely requires repairs and modifications before being ready to deploy, it seems prudent to consider other Resources in addition to existing Resources. In addition, there could be situations where it is most economical to pay for the acceleration of Resources reflected in a CDR but which has not yet reached its Commercial Operations Date. In some situations, this may be more economical than procuring new, unplanned generation or paying for repairs and modifications of existing generation. However, in this situation, ERCOT would need to be provided with a detailed explanation that demonstrates that any payments made to accelerate planned capacity is justifiable and reasonable, and that the capacity would not have been accelerated otherwise. Particularly for new, planned generation, ERCOT would want to ensure that there is no gaming of the system and, for example, ensure that a Resource Commercial Operations Date acceleration would not have occurred absent the acceleration incentive payment.  Finally, the Protocols state that, for Settlement purposes, Generation Resources contracted under Section 6.5.1.1 will include substantially the same terms and conditions as an RMR Unit under an RMR Agreement, including the “Eligible Cost” budgeting process.  For RMR Generation Resources and ESRs, the Incentive Factor is set at 10%, which applies to all RMR costs except fuel and capital expenditures and provides an incentive for RMR Resources to keep the Generation Resource available to ERCOT under a contract.  However, an Incentive Factor other than 10% may be necessary to provide an appropriate incentive for a Resource to be contracted under Section 6.5.1.1. | |

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| Market Segment | Not Applicable |

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| Market Rules Notes |

None

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| Proposed Protocol Language Revision |

6.5.1.1 ERCOT Control Area Authority

(1) ERCOT, as Control Area Operator (CAO), is authorized to perform the following actions for the limited purpose of securely operating the ERCOT Transmission Grid under the standards specified in North American Electric Reliability Corporation (NERC) Standards, the Nodal Operating Guides and these Protocols,including:

(a) Direct the physical operation of the ERCOT Transmission Grid, including circuit breakers, switches, voltage control equipment, and Load-shedding equipment;

(b) Dispatch Resources that have been awarded Ancillary Services;

(c) Direct changes in the operation of voltage control equipment;

(d) Direct the implementation of Reliability Must-Run (RMR) Service, Remedial Action Plans (RAPs), Automatic Mitigation Plans (AMPs), Remedial Action Schemes (RASs), and transmission switching to prevent the violation of ERCOT Transmission Grid security limits; and

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| [NPRR1198: Replace paragraph (d) above with the following upon system implementation and renumber accordingly:]  (d) Direct the implementation of Reliability Must-Run (RMR) Service;  (e) Direct the implementation, disabling, or reversal of implementation of Remedial Action Plans (RAPs), Automatic Mitigation Plans (AMPs), Remedial Action Schemes (RASs), Pre-Contingency Action Plans (PCAPs), Extended Action Plans (EAPs), and transmission switching to prevent the violation of ERCOT Transmission Grid security limits; and |

(e) Perform additional actions required to prevent an imminent Emergency Condition or to restore the ERCOT Transmission Grid to a secure state in the event of an ERCOT Transmission Grid Emergency Condition.

(2) Unless the ERCOT Protocols or Other Binding Documents explicitly provide otherwise, ERCOT shall not model, monitor, direct operation of, or otherwise exercise any operational authority over any facility that operates on the low voltage side of the distribution transformer except as may be necessary for the following purposes:

(a) To ensure the reliable interconnection, dispatch, operation, and Settlement of any Generation Resource, Energy Storage Resource (ESR), Load Resource, or Emergency Response Service (ERS) Resource that is, or is proposed to be, interconnected at distribution voltage, and to ensure the reliable operation and Settlement of any other ERCOT-registered generator;

(b) To provide ERCOT information about all generators interconnected at distribution voltage as requested by ERCOT pursuant to these Protocols or Other Binding Documents for the purposes of ensuring accurate Settlement and operating and planning the ERCOT Transmission Grid; and

(c) To effectuate automatic or manual Load-shedding as prescribed by these Protocols or Other Binding Documents.

(3) Nothing in paragraph (2) above limits ERCOT’s authority to require that a Transmission Service Provider (TSP) or Transmission Operator (TO) disconnect any Facility operated at distribution voltage from the ERCOT System if ERCOT determines such action is necessary to address a reliability concern on the ERCOT Transmission Grid. Additionally, nothing in paragraph (2) above limits ERCOT’s authority to require appropriate modeling and telemetry of transmission Loads that may represent multiple distribution-level Loads, as provided in Section 3.10.7.2, Modeling of Resources and Transmission Loads.

(4) Consistent with paragraph (1)(e) above, ERCOT may seek to exercise its authority to prevent an anticipated Emergency Condition relating to serving Load up to two years into the future by procuring additional capacity. Such capacity can either be:

(a) Existing capacity;

(b) Capacity that is not yet included in the Report on Capacity, Demand and Reserves in the ERCOT Region (CDR) issued by ERCOT; or

(c) Capacity that has been included in the CDR issued by ERCOT, has not yet reached its Commercial Operations Date, and is capable of accelerating its Commercial Operations Date in time to prevent the anticipated Emergency Condition at issue.

(5) Capacity procured under paragraph (4) may be used to maintain the ERCOT System reliability in a manner not otherwise delineated in these Protocols and the Nodal Operating Guides, provided ERCOT take the following actions:

(a) Upon determination by ERCOT that additional capacity is needed to prevent an Emergency Condition, and 30 days prior to any procurement activity associated with such additional capacity, ERCOT shall notify the Public Utility Commission of Texas (PUCT) of ERCOT’s determination.

(b) Upon determination by ERCOT that additional capacity is needed to prevent an Emergency Condition and prior to any procurement activity associated with such additional capacity, ERCOT shall issue a Notice as soon as practicable with the following information:

(i) A detailed description of the reliability condition and need for additional capacity as determined by ERCOT and the timing of the proposed procurement;

(ii) Justification for the quantity of additional capacity to be requested;

(iii) Identification of potential Generation Resources, ESRs, or Load providing capacity considered by ERCOT to be acceptable for providing the additional capacity. Load capacity may be provided by Entities who, at ERCOT’s direction, would interrupt consumption of electric power and remain interrupted until released by ERCOT; and

(iv) A schedule of activities associated with the proposed procurement.

(c) If ERCOT identifies a specific Entity with which it will negotiate the terms for procurement of additional capacity, then ERCOT shall issue a Notice as soon as practicable that includes the Entity name and, as applicable, the Resource mnemonic, the Resource MW rating by Season, the name of the Resource Entity, and the potential duration of any contract, including anticipated start and end dates. Such notice shall also be filed with the PUCT. No final contract for additional capacity may be signed until at least one PUCT Open Meeting has taken place seven or more days after that date of such notice.

(d) ERCOT shall, to the fullest extent practicable, ensure that any actions taken to procure additional capacity meet the following criteria:

(i) Any capacity procured pursuant to this Section will be procured using an open process, and the terms of the procurement between ERCOT and the Entity will be memorialized in contracts that will be publicly available for inspection on the ERCOT website.

(ii) Each contract will include specified financial terms and termination dates. For purposes of Settlement, any contract associated with a Resource will include substantially the same terms and conditions as an RMR Unit under an RMR Agreement, including the Eligible Cost budgeting process. The Incentive Factor under a contract associated with a Resource may differ from the Incentive Factor for RMR Resources described in Section 3.14.1.17, Incentive Factor, as long as ERCOT determines it is reasonable and necessary. This Incentive Factor may be reduced based on the Resource’s failure to achieve specified performance metrics.

(iii) ERCOT shall provide notice to the ERCOT Board, at the next ERCOT Board meeting after ERCOT has signed the contract, that the actions required prior to execution of the contract, pursuant to paragraphs (5)(a) through (d) above, were completed by ERCOT before the contract was executed.

(iv) Any information submitted by the Entity to ERCOT through the procurement process may be designated as Protected Information and treated in accordance with the provisions of Section 1.3, Confidentiality, provided that final contract terms must be made available for public inspection.

(e) A Resource that has received capital contributions from ERCOT pursuant to a contract executed under paragraph (4) may not participate in the energy or Ancillary Services markets until such capital contributions have been refunded to ERCOT. For the purposes of this Section, capital contributions are defined as improvements with an asset life greater than one year under the applicable federal tax rules. The Resource Entity’s refund of capital contributions shall be a lump sum payment calculated as follows:

(i) If the Resource chooses to participate in the energy or Ancillary Service markets after the termination date of the contract executed under paragraph (4), the Qualified Scheduling Entity (QSE) representing the capacity shall repay, in a lump sum payment, 100% of the book value of the capitalized equipment and all installation charges leading to turn key, one-time startup based on a linear depreciation over the estimated life of the capitalized component(s) in accordance with Generally Accepted Accounting Principles (GAAP) standards for electric utility equipment. The estimated life shall be based on documentation provided by the manufacturer; if installing used equipment, the estimated life may be based on an approximation agreed to by the Resource Entity and ERCOT.

(ii) If the Resource or ESR chooses to participate in the energy or Ancillary Services markets as contemplated in item (5)(e)(i) above, and its participation requires a lump sum payment of capital contributions, ERCOT will issue a notice to all registered Market Participants announcing the Resource’s or ESR’s decision to participate in the market(s) and identifying the amount of the lump sum payment due pursuant to item (5)(d)(i) above. ERCOT will also issue a notice to all registered Market Participants after completion of the collection and disbursement of the capital contributions, as described in item (5)(e)(iii) below, and after resolution of any disputes related to these capital contributions.

(iii) After ERCOT receives a Notification of Change of Resource Designation (Section 22, Attachment H, Notification of Change of Resource Designation) changing the Resource designation to “operational” at a future date, ERCOT shall charge the QSE representing the Resource Entity for capital expenditures incurred and previously paid to the Resource Entity as a result of the Resource’s return to service pursuant to this Section.

(A) For months in the contract term where notice is received more than five Business Days prior to True-Up Settlement of the first Operating Day of that month, ERCOT shall claw back any payments made for the capital expenditure associated with that month and subsequent months of the term, on the next practical Settlement but no later than the True-Up Settlement.

(B) For months in the contract term where notice is received five Business Days or less prior to True-Up Settlement of the first Operating Day of that month, ERCOT shall claw back any payments made for the capital expenditures within 45 days of receipt of the notice.

(C) ERCOT shall distribute the repayment to QSEs representing Load on the same basis used to collect the monthly capital expenditures, using a monthly Load Ratio Share (LRS). A QSE’s monthly LRS shall be the QSE’s total Real-Time Adjusted Metered Load (AML) for the month divided by the total ERCOT Real-Time AML for the same month.

(f) ERCOT shall endeavor to minimize the deployment of capacity procured pursuant to this Section with the goal of reducing the potential distortion of markets. Resources and Loads deployed to alleviate imminent Emergency Conditions will not be offered into the Day-Ahead Market (DAM). Rather, ERCOT will determine whether to use the capacity as part of the Hourly Reliability Unit Commitment (HRUC) process based on system conditions and the ability to meet Demand. In the event Generation Resources are committed and On-Line, ERCOT systems will generate a proxy offer for the Generation Resource at the Real-Time System-Wide Offer Cap (RTSWCAP). The default offer will place the Generation Resources among the last for economic Dispatch, so as not to displace Generation Resources that are On-Line and offering into the market. To the extent practicable, the capacity deployed to alleviate imminent Emergency Conditions will not be used solely for the purpose of reducing local congestion.

(g) For any capacity procured under paragraph (4)(c), ERCOT must be provided with a detailed explanation that demonstrates that any payments made to accelerate the Commercial Operations Date is justifiable and reasonable, and that, absent the payments, the acceleration would not have occurred otherwise.

(h) An Entity cannot be compelled to enter into a contract under this Section.