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| NPRR Number | [1296](https://www.ercot.com/mktrules/issues/NPRR1296) | NPRR Title | Residential Demand Response Program |
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| Date | | January 28, 2026 | |
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| Submitter’s Information | | | |
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| Market Segment | | Not applicable | |

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| Comments |

ERCOT provides these comments to support continued discussion on Nodal Protocol Revision Request (NPRR) 1296. Stakeholders raised concerns regarding the potential impacts of Demand response deployments not being accounted for in Real-Time prices during high net-load hours under the proposed Residential Demand Response (RDR) Program, as currently captured in NPRR1296. The broader concern is that the lack of consideration for the RDR Program in the Reliability Deployment Price Adder process will lead to an overall degradation of market prices and investment signals.

ERCOT staff has been internally discussing various approaches for accounting for the RDR Program in the Reliability Deployment Price Adder process. While the details are still being fleshed out, these comments are intended to allow for initial stakeholder feedback on the approach that is currently preferred by ERCOT. A summary of the proposal is outlined below:

* Before the beginning of each program year, Retail Electric Providers (REPs) and Non-Opt-In-Entities (NOIEs) participating in the program will be required to **provide seasonal MW estimates of Residential Demand Response** they expect to deploy during expected high net load hour conditions under the program.
* ERCOT will use these MW estimates to incorporate into the Reliability Deployment Price Adder pricing runs whenever Net-Load exceeds a **pre-defined threshold.**
* The **Net-Load Threshold** will be established for each RDR Program Year and will be determined based on:
  + Use a look back at the highest twenty (20) Net-Load hours in each of the previous 3 years;
  + For each of the historical years, individually select the Net-Load value corresponding with the 20th highest Net-Load;
  + Consider adjustments to these historical values to account for any Load growth or changes Intermittent Renewable Resource (IRR) installed capacity; and
  + Take an average of the 3 adjusted historical values.
* Whenever Net-Load (to be calculated prior to each SCED run) exceeds the Net-Load Threshold, **ERCOT will incorporate RDR deployed MWs (based on the seasonal estimates provided) into the RDPA by adjusting Generation-To-Be Dispatched (GTBD)**. This adjustment would include both a “ramp-in” and “ramp-out” period.
* At the end of each program year, ERCOT will review actual deployment data to refine estimates and adjust assumptions to parameters for future years as inputs into the RDPA.

While the approach above is focused on an annual threshold value, it may be necessary to consider whether the use of thresholds that vary by season is warranted. This issue requires further evaluation.

The proposed Net-Load Threshold and the use of estimates from REPs and NOIEs, will allow ERCOT to bring greater transparency to the market by incorporating estimated impacts of Residential DR deployments into the RDPA.

ERCOT looks forward to discussing and refining this concept with stakeholders at the February 4, 2026 Wholesale Market Subcommittee (WMS) meeting and in subsequent meetings.

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| Revised Cover Page Language |

None at this time.

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| Revised Proposed Protocol Language |

None at this time.