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| NPRR Number | [1309](https://www.ercot.com/mktrules/issues/NPRR1309) | NPRR Title | Board Priority - Dispatchable Reliability Reserve Service Ancillary Service |
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| Date | | January 28, 2026 | |
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| Market Segment | | Small Commercial Consumer | |

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| Comments |

The Sierra Club files these comments in response to ERCOT’s November 20, 2025 filing of Nodal Protocol Revision Request (NPRR) 1309. The Sierra Club supports the need and requirement for ERCOT to add a new four-hour Ancillary Service that is separate from Non-Spinning Reserve (Non-Spin), and supports the need to keep the service simple by making eligibility available only to Resources that can provide their High Sustained Limit (HSL) in capacity for at least four hours and be available within two hours. However, we have two requested changes to NPRR1309. First, as we explain below, we believe Energy Storage Resources (ESRs) should be added as an eligible participant to NPRR1309. Second, we are concerned that the proposed payment structure and demand curve for the new Ancillary Service is arbitrary and should be changed to be a more pronounced curve, with prices going up as the market gets tighter. This will encourage investment in the type of technologies that can provide this service and create a clearer market signal where costs go up as supply and demand tighten. At this point we are offering these two general suggestions, and are not developing specific language, but hope that upcoming discussions can identify specific language to address our concerns.

**ESRs that can meet the technical requirements should be eligible**

As has been well documented, Sierra Club supports a new stand-alone Ancillary Service, Dispatchable Reliability Reserve Service (DRRS), as it was discussed and approved in House Bill (HB) 1500 as enacted by the 88th Texas Legislature. We maintain that the effective statutory language relating to DRRS ([Public Utility Regulatory Act (PURA) § 39.159](https://statutes.capitol.texas.gov/Docs/UT/htm/UT.39.htm#39.159)(d)), was intentionally drafted to include and incentivize ESRs capable of providing four (4) or more hours of capacity for DRRS.

Specifically, the statutory provisions creating DRRS were initially contained in [Senate Bill (SB) 7](https://capitol.texas.gov/tlodocs/88R/billtext/pdf/SB00007S.pdf#navpanes=0), which was approved by the Senate on April 5, 2023. Prior to SB 7’s passage in the Senate, the bill contained language requiring dispatchable Resources to be capable of performing to the Resource’s full capacity for ten (10) hours. However, following discussions to help encourage participation by ESRs, Senator Zaffirini proposed an amendment to SB 7, which was supported by Senator Schwertner (SB 7’s author), to revise the duration requirement from ten (10) hours to four (4) hours:

This amendment changes the run time from ten (10) hours to four (4) hours but allows ERCOT to require a longer run time if they determine it is necessary. **This was done to address concerns that a 10-hour run time would limit dispatch resources like *batteries***. If the need for a run time longer than four hours is necessary in the future, however, ERCOT will be able to make this change (emphasis added).[[1]](#footnote-1)

Further, as Senator Menendez explained on the Senate floor while discussing firming requirements and DRRS:

…dispatchable reliable energy is what we want for our constituents. But ***it needs to be technology agnostic*** and it future proofs it by allowing us to be able to do things in real time. And we ***don't hold ourselves to just one technology that provides that dispatchable power*** (emphasis added).[[2]](#footnote-2)

SB 7 was ultimately incorporated into HB 1500. Both the Texas Senate and the House of Representatives approved the DRRS statutory language with the four (4) hour duration requirement (or longer if identified by ERCOT as a need) and Governor Abbott signed HB 1500 into law on June 9, 2023, with an effective date of September 1, 2023.

The current version of DRRS as proposed by ERCOT does not allow for the participation of ESRs. Instead, ERCOT is suggesting including ERS in the future in a separate NPRR1310, Dispatchable Reliability Reserve Service Plus Energy Storage Resource Participation and Release Factor, but that protocol moves beyond creation of an Ancillary Services toward a different market structure that is not related directly to the need for the Ancillary Service. Sierra Club believes that ESRs should be eligible to participate in DRRS at the outset of the implementation of DRRS as part of NPRR 1309, rather than waiting until some uncertain future date in order to comply with the requirements of HB 1500 and the clear legislative intent.

ESRs that can meet the basic requirements of NPRR 1309 - that is to be available within two hours and provide the service for at least four hours at their HSL – should be allowed to offer to provide the services. One simple proposal would be to take the language that is contained in NPRR1310 related to ESRs, and add it to NPRR1309. Thus, those ESRs that could provide at least four-hours of their full “high sustained level” within two hours would be eligible to offer the service. ESRs could not carry different obligations for the same hours they intended to offer DRRS. Thus, Sierra Club proposes to expand the definition of DRRS to include storage that is capable of meeting these specific duration limits. While we recognize that many storage Resources on the market today would not be eligible to provide the service, we believe allowing storage to participate from the very beginning of the new Ancillary Service also should provide a market-based incentive for longer duration storage Resources, which would be beneficial to the market and ultimately to consumers.

**More Pronounced Demand Curve**

While we do not have a specific proposal, we also wanted to express our concern that the proposed (Ancillary Service Demand Curve) ASDC as proposed in NPRR1309 seems arbitrary. DRRS would be paid differently than other Ancillary Services. Under the proposed curve, the service would be paid a relatively flat rate of between $0 and $150 per MW but based on a linear line. Unlike other Ancillary Services, there would be no minimum floor price and it would not be part of the Aggregated ORDC, which is intended to have a fairly steep curve to reflect real grid conditions. While the Sierra Club does not at this point offer a specific alternative payment basis, we wanted to express concern that NPRR1309 would appear to not be reflective of basic market principles where Ancillary Services are valued more when there is an actual need. A relatively flat price will lower competition to provide these services.

The Sierra Club is pleased to offer these comments. While we support the need for NPRR1309, we believe that:

1. ESRs that can meet specific criteria should be eligible to provide DRRS; and
2. ERCOT and stakeholders should consider a different payment framework that provides higher payments for DRRS when the service is more valuable to the market.

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| Revised Cover Page Language |

None at this time.

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| Revised Proposed Protocol Language |

None at this time.

1. Senate Session (Apr. 5, 2023), available at <https://tlcsenate.granicus.com/MediaPlayer.php?view_id=53&clip_id=17610> (Timestamp: 03:28:55 – 03:29:25); *see also* SB 7 Amendment (Sen. Zaffirini) at <https://capitol.texas.gov/tlodocs/88R/amendments/pdf/SB00007S2F2.PDF>. [↑](#footnote-ref-1)
2. Senate Session (Apr. 5, 2023), available at <https://tlcsenate.granicus.com/MediaPlayer.php?view_id=53&clip_id=17610> (Timestamp: 03:30:56 – 03: 32:17). [↑](#footnote-ref-2)