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| NPRR Number | [1310](https://www.ercot.com/mktrules/issues/NPRR1310) | NPRR Title | Dispatchable Reliability Reserve Service Plus Energy Storage Resource Participation and Release Factor |
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| Date | | January 28, 2026 | |
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| Market Segment | | Industrial Customers | |

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| Comments |

TIEC appreciates the opportunity to comment on Nodal Protocol Revision Request (NPRR) 1310 and its market implications.

At this time, it is neither efficient nor advisable to spend ERCOT and stakeholder resources vetting a proposal that has not been determined by the Commission to be (a) necessary, (b) effective, or (c) the most efficient approach to addressing any potential resource adequacy concerns. The authority to identify necessary wholesale market design changes needed to meet reliability goals is vested in the Commission pursuant to PUC Subst. R. § 25.508. As ERCOT is aware, the Commission must review ERCOT’s reliability assessment, the independent market monitor’s review, Commission Staff’s recommendations, and stakeholders’ comments, and then “determine whether any market design changes may be necessary.”[[1]](#footnote-1) NPRR1310 would front-run this process, effectively prejudging that significant market design changes are needed and that using Dispatchable Reliability Reserve Service (DRRS) as a vehicle to make fixed capacity payments to certain generators is the best approach.

On the merits of DRRS+, the predetermined $10/MW/h payment is not market-based and appears to be an arbitrary wealth transfer between customers and a certain set of generators. There is no analysis or data to support that this $10/MW/h payment will elicit additional investment, improve reliability, or do anything but enrich existing generators and shift risk to large and small customers. TIEC understands that ERCOT may be trying to avoid Cost of New Entry (CONE)-based payments since this is a hallmark of a capacity market, perhaps to support an argument that the HB 1500 guardrails do not apply. But adopting a completely arbitrary $/MW/h payment is even less defensible. TIEC anticipates that this fee would be considered arbitrary and capricious if legally challenged, given the complete lack of analysis or justification.

NPRR1309, Board Priority - Dispatchable Reliability Reserve Service Ancillary Service, is a non-controversial, operationally grounded implementation of DRRS that meets statutory requirements and still allows for future optionality as directed by the Commission. TIEC acknowledges that the Commission desires options for potential market changes in conjunction with the upcoming reliability assessment. However, it appears that NPRR1309 could easily be supplemented with any incremental features of NPRR1310 in the future, at the Commission’s direction. Given this, there is no reason to require stakeholders to fully build out, vet, and vote on DRRS+ without Commission instruction.

1. **Stakeholder vetting of NPRR1310 is premature and unnecessary to meet the Commission’s directive for optionality.**

NPRR1310 would implement a “release factor” feature within DRRS that provides certain generators with a fixed “resource adequacy” payment. Essentially, it allows DRRS to be used as a vehicle to make pre-determined payments to all generators in the market with certain desirable characteristics. Under NPRR1310, the release factor will be set to zero until the Commission provides direction to set a different value. However, NPRR1310 requires ERCOT and stakeholders to fully develop and vote on a concept that can be “taken off the shelf” to satisfy any needs identified in the reliability assessment. This is different from providing optionality; this is an effort to ensure that the Commission only has one option, and that it is DRRS+.

ERCOT is still developing the parameters for the reliability study, and has not identified whether an actual problem exists, much less what the most efficient options are for addressing any deficiency. The Commission has not provided any feedback so far on the study. In fact, ERCOT only recently submitted its initial proposed modeling assumptions in its January 15th filing,[[2]](#footnote-2) and its assumptions are subject to comments by stakeholders and the Independent Market Monitor (IMM) before Commission approval. As such, there is still significant uncertainty regarding the reliability standard analysis and its results. Importantly, ERCOT, Staff, and the IMM should have the discretion to recommend ***any*** market design changes that most effectively ensure the reliability of the ERCOT system. Similarly, the Commission should not be pigeon-holed into repurposing DRRS as a revenue sufficiency tool just because the stakeholders have been forced to develop it under NPRR1310.

TIEC acknowledges that the Commission instructed ERCOT to maintain the flexibility to adjust the DRRS mechanics in the future. However, moving forward with NPRR1309 still provides this optionality. When presenting both NPRRs to the Commission, ERCOT explained that even if both NPRRs were adopted, it is not developing both NPRRs independently. ERCOT will develop NPRR1309, and then NPRR1310 “adds on top of that” without significant work.[[3]](#footnote-3) While ERCOT claims it will be easier and cheaper to design DRRS with the release factor, the concepts in NPRR1310 can be incrementally added at a later time. This gives the Commission the optionality it requested. Moving forward with NPRR1309 and tabling NPRR1310 provides an operational foundation without pre-committing stakeholders to an “always-on” availability payment or a release-factor construct when the policy implications, costs, and benefits have not yet been calibrated. In practical terms, NPRR1309 delivers immediate reliability value tied to uncertainty and RUC mitigation—and complies with HB 1500—while keeping the market’s core pricing signals intact.

Importantly, having NPRR1310 under active consideration is likely to chill market activity, as we have seen in the past. Market uncertainty is the biggest deterrent to future investment. NPRR1310 states that Commission direction is required before the release factor will be set above 0, but while stakeholders are being forced to actively design and debate this NPRR, the market will wait to see the resolution. As Chairman Gleeson pointed out when there were rounds of discussion about the Performance Credit Mechanism (PCM), companies waited to develop or finalize their projects until there was more certainty around the outcome of the PCM.[[4]](#footnote-4) Implementing NPRR1310 when there are so many unknowns would likely lead to a similar situation. Developers may delay investment decisions until it is clear whether the Commission will use the release factor or not. Alternatively, companies with existing fleets may condition further development on the use of the release factor, similar to some of the announcements in 2023 following the initial design of the PCM where generators claimed future generation development was contingent on the Legislature rejecting PCM guardrails.[[5]](#footnote-5) To avoid creating additional instability, it would be best to wait until after the Commission provides direction based on the results of the reliability standard analysis before requiring active consideration of any major market design changes.

1. **The release factor is an arbitrary wealth transfer from loads to generators that will likely hurt the reliability of the system.**

Based on the information provided regarding NPRR1310, TIEC has serious concerns about the proposed release factor. Currently, it is designed as a flat daily $10/MW/h requirement applied to reserves procured beyond the operational reserve requirement. ERCOT explained during the first DRRS Workshop that this contemplated $10/MW/h requirement was intended “as a flat payment for every hour of every year,” conceptually reflective of resource adequacy support and “loosely” related to a “CONE-like” concept, though not exactly CONE.[[6]](#footnote-6) While ERCOT acknowledged that $10/MW/h is only a starting point open to discussion, creating a flat charge during every interval, regardless of reliability status, will function as an arbitrary, administrative transfer of wealth from consumers to generators. For loads, the charge operates as a non-voluntary electricity tax without an analytical rationale or cost justification. This design effectively converts DRRS into a tool that allows ERCOT to shift revenues to certain generators through administrative fiat, unrelated to any actual risk reduction or reliability improvement.

Because this fixed DRRS+ payment is not linked to the marginal reliability value of additional reserves—which varies with system conditions such as load, outages, and renewable availability—it actually risks ***undermining*** market signals by increasing generator revenues independent of any reliability need. Under NPRR1310, loads would fund a constant fixed charge even in hours when operational requirements do not warrant it, producing an outcome that is decoupled from system conditions. Increasing revenues across all intervals deteriorates generators’ performance incentives by reducing the amount of their revenues that are earned by being available when it matters, and paying them instead for just “existing.” This will raise consumer costs while potentially ***reducing*** reliability. As an example, if there is a flat $10 demand curve and significant payments are made during off-peak hours to resources that are not actually needed at that time, it does not lead to a meaningful dispatch of resources for critical winter storm events. Over time, such a construct can distort incentives, crowd out more efficient products, and undermine confidence in market outcomes. Given ERCOT’s own description that the $10 is intended to apply every hour and is “meant to…support something beyond just operational uncertainty,”[[7]](#footnote-7) the proposal risks disconnecting payments from measurable Real‑Time reliability needs. That disconnect is the hallmark of an arbitrary wealth transfer, not a cost‑causation based Ancillary Service charge.

1. **There is insufficient information to move forward with the design of NPRR1310.**

ERCOT has not provided any analysis or quantitative data showing how the quantity of DRRS, the release factors, or the DRRS Ancillary Service Demand Curve (ASDC) could impact price formation or additional revenue in the market. Essentially, ERCOT is asking stakeholders to evaluate this NPRR in a vacuum. During the Aurora Workshop, ERCOT acknowledged that it was unsure if it plans to procure 100% of eligible capacity because it will not know what the requirements are until the reliability study is complete.[[8]](#footnote-8) Additionally, at the DRRS Workshop, ERCOT indicated that it will eventually require a separate process that will likely involve reviewing “where [ERCOT is] against a reliability standard, [to determine] what…incremental capacity [is] required” and to determine what procurement amounts will be required to support that resource adequacy outcome.[[9]](#footnote-9) Again, this demonstrates that ERCOT is proceeding with the development of the release factor prior to establishing a substantiated need for it or sufficient analysis for its design.

Notably, the only real analysis that has been done around NPRR1310 comes from the Aurora study. However, ERCOT repeatedly stated during the DRRS Workshop that the Aurora study is not actually representative of how NPRR1310 was ultimately designed.[[10]](#footnote-10) The Aurora study utilized completely different mechanisms for producing the revenue, and that revenue is distributed differently. There is no defined demand curve consistent with the NPRR1310 design, and procurement volumes function as scaling factors rather than outputs of a market-based construct. Without a transparent analytical bridge from the Aurora analysis and the NPRR1310 approach, it is difficult to evaluate the proposal on its merits or to determine whether it would achieve the intended reliability outcome

At present, there is no clear, testable analysis demonstrating how the NPRR1310 proposal would operate under varied market conditions, nor is there a comparative assessment against the NPRR1310 framework. As several stakeholders suggested at the recent workshop, the absence of scenario-based analysis, sensitivity testing, and validation of expected outcomes makes it challenging to understand, let alone approve, the construct. Rather than debating this feature at this stage, it would be more prudent to proceed with NPRR1309 and await the completion of the reliability assessment and additional analyses before determining whether any additional NPRR1310-style features may be necessary.

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| Revised Cover Page Language |

None.

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| Revised Proposed Protocol Language |

None.

1. 16 TAC § 25.508(c)(3)(D). [↑](#footnote-ref-1)
2. *Triennial Reliability Assessment for the ERCOT Region Under § 25.508*, Project No. 58777, ERCOT Initial Proposed Modeling Assumptions for the 2026 Reliability Assessment, (available at: https://interchange.puc.texas.gov/Documents/58777\_6\_1575182.PDF). [↑](#footnote-ref-2)
3. GridMonitor, Meeting of the Public Utility Commission of Texas at 1:29:16-1:30:11 (Nov. 14, 2026)(available at: https://dash2.gridmonitor.com/sharing/?token=78194eea-b896-43b4-8a27-21a4d2b2a575). [↑](#footnote-ref-3)
4. GridMonitor, Meeting of the Public Utility Commission of Texas at 1:26:37-1:27:29 (Nov. 14, 2026)(available at: https://dash2.gridmonitor.com/sharing/?token=a3595dc4-7fba-4d65-a795-f7fcf17d6c0a). [↑](#footnote-ref-4)
5. *See e.g.,* Calpine, *Calpine Affirms Ambitious Texas Power Development Program* (April 12, 2023) (available at: <https://www.calpine.com/calpine-affirms-ambitious-texas-power-development-program/>)(announcing a new 425 MW gas-fired power plant with the hopes that the Legislature would not intervene); NRG, *Power Texas* (April 18, 2023) (available at: <https://www.nrg.com/assets/documents/energy-policy/2023-ERCOT-Development-One-Pager4-18-23_Final.pdf?utm_source=chatgpt.com>) (announcing a new 689 MW gas generating unit contingent on the Legislature reaffirming its support for a functional PCM); Vistra, *Vistra Announces Plans to Add up to 2,000 MW of Gas-Fueled Dispatchable Power in ERCOT* (May 30, 2024) (available at: <https://investor.vistracorp.com/2024-05-30-Vistra-Announces-Plans-to-Add-Up-to-2,000-MW-of-Gas-Fueled-Dispatchable-Power-in-ERCOT>) (announcing its new peaker plants are based on market reforms and successful implementation of the PCM, among other things). [↑](#footnote-ref-5)
6. GridMonitor, TAC Dispatchable Reliability Reserve Service (DRRS) Workshop 1 at 00:51:28-00:52:19 (Jan. 7, 2026)(available at: https://dash2.gridmonitor.com/pages/calendar/meeting/smart-agenda/?event\_id=4923). [↑](#footnote-ref-6)
7. GridMonitor, TAC Dispatchable Reliability Reserve Service (DRRS) Workshop 1 at 00:16:09-00:16:26 (Jan. 7, 2026)(available at: https://dash2.gridmonitor.com/sharing/?token=68018f09-63f9-4994-8812-3545d152f23e). [↑](#footnote-ref-7)
8. GridMonitor, Aurora Energy Research Workshop at 01:03:59-00:16:26 (Dec. 17, 2026)(available at: 01:03:41-01:03:59 (available at: https://dash2.gridmonitor.com/sharing/?token=70624cc3-5125-408d-9d0c-818a3737ffb4). [↑](#footnote-ref-8)
9. GridMonitor, TAC Dispatchable Reliability Reserve Service (DRRS) Workshop 1 at 00:55:23-00:56:13 (Jan. 7, 2026)(available at: https://dash2.gridmonitor.com/sharing/?token=a56ef6b2-2c9b-4f5f-a5cc-3d7c67f2140d). [↑](#footnote-ref-9)
10. *See* GridMonitor, TAC Dispatchable Reliability Reserve Service (DRRS) Workshop 1 at 00:53:13-00:54:11 (Jan. 7, 2026)(available at: https://dash2.gridmonitor.com/sharing/?token=949fb70d-b6eb-4a86-946c-d5ea3f74cd9f)(“The intent is not to shape the parameters in NPRR1310 to match how Aurora performed their study and assumptions that they made.”); (“the point is not to try to get NPRR1310 to match Aurora. This is what we are proceeding with independently.”). [↑](#footnote-ref-10)