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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 | | February 11, 2026 | |
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| Market Segment | | Not applicable | |

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| Comments |

The Texas Solar + Storage Association (TSSA) submits these comments regarding Nodal Protocol Revision Request (NPRR) 1310 and respectfully requests that stakeholders reject this NPRR on the basis that it creates features of a capacity market (while also lacking certain protections of a capacity market) which, if approved, would undermine the functioning of ERCOT’s energy-only market and create uncertainty at a time when certainty is needed for investors of power generation resources.

NPRR1310 is not needed to incent long duration energy storage in ERCOT – NPRR1309, Board Priority - Dispatchable Reliability Reserve Service Ancillary Service, if it appropriately includes Energy Storage Resources (ESRs), would expand the development of longer duration storage projects in Texas. Additionally, ERCOT has not provided modeling or analysis to support the specific design choices of NPRR1310. Further, the impacts to electricity consumers and the market have not been studied or quantified. In short, there are far more questions than answers regarding this proposed product and it should not move forward.

If the consideration of NPRR1310 does move forward, however, ERCOT must allow for a robust and transparent evaluation of the proposal. To accomplish this, ERCOT should produce a detailed, quantitative analysis clearly demonstrating how NPRR1310 would impact generation investment decisions, consumer costs, resource adequacy, geographic diversity of the power fleet, and grid reliability.

NPRR1310 is a significant departure from how the existing ERCOT energy-only market works and it appears to follow the path of previous proposals that have been turned down by the Texas Legislature and/or Commission. The approach contemplated in this NPRR essentially pays generators to merely exist – and at the same time suppressing price signals that lead to reliable markets today. And, it would push new revenue to generation units that ought to retire to make way for new generation.

The Independent Market Monitor (IMM) has expressed apprehension about the deleterious long-term impacts to ERCOT’s energy-only market from the reliance on side programs or out-of-market programs. The IMM noted that although these kinds of programs are seemingly designed to address reliability and resource adequacy concerns, they actually impair long term investment signals by suppressing the shortage pricing mechanism and take revenue out of the market.[[1]](#footnote-1)

Although the IMM acknowledged that in the immediate aftermath of Winter Storm Uri there may have been a need for these types of programs to fill the cracks, today the grid is much more reliable (citing to the recent performance of the grid during Winter Storm Fern) and therefore, recommends that reliance of these types of programs should be diminished and replaced with a renewed emphasis “on the kernel of resource adequacy for ERCOT, which is shortage pricing.”[[2]](#footnote-2)

TSSA agrees with the concerns expressed by the IMM, as well as the IMM’s recommendation that we should focus on the “engine for resource adequacy and stop trying to come up with additional side programs.”[[3]](#footnote-3) The irony is that Dispatchable Reliability Reserve Service “Plus” (DRRS+) is touted to shore up resource adequacy, but unless Texas is willing to jettison our energy-only market and go all in on a capacity market, these types of initiatives will likely harm long term resource adequacy.

In Texas, the energy-only market provides for resource adequacy while delivering lower costs to consumers and substantial competition among generators. Generators are paid solely for the electricity they produce and not for simply being available. Generators also risk paying high prices if they have forced outage during high priced events when they are expected to perform, which encourages equipment maintenance and replacement, and leaving a safety cushion of unsold capacity – a reserve margin. The energy-only market relies on price volatility and scarcity pricing to incentivize developers to invest in new generation, without capacity payments. Generators and power marketers can also earn rewards buy buying or generating excess power when it is needed and “going long” – essentially providing a reserve margin through price incentives instead of special government programs. The energy-only market provides a simple risk-reward signal that rewards desired behavior that is aligned with reliability needs. These fundamental principles would be altered by NPRR1310.

ERCOT’s rationale for submitting NPRR1310 seems to be couched in terms of complying with the DRRS provisions in PURA §39.159 (d) and (e), as well as meeting the Public Utility Commission’s DRRS findings in Project No. 55845 (Topic 6) to provide flexibility in the design.

In response to these claims, it should be first noted that the PURA §39.159 (d) and (e) requires that DRRS be designed as an *ancillary service*. DRRS+ is clearly not an Ancillary Service and was not envisioned in HB 1500. Ancillary Services are services that are held in reserve to meet short term, hourly reliability needs based on uncertainty about the next few hours, maintaining frequency at 60 Hz, or contingency planning. By holding Ancillary Services out of the supply and demand equation, they can contribute to price formation and therefore to resource adequacy.

Attempts to characterize DRRS+, which contains essentially the same revenue mechanism as a capacity market, as an “ancillary service” requires one to reject the basic meaning of the words in the statute. Under the Code Construction Act (Texas Government Code § 311.011), words should be read as commonly understood and words that have acquired “a technical or particular meaning" shall be construed accordingly. The term “ancillary service” is a technical term with a particular meaning. The design and function of the DRRS+ is not consistent with that well understood meaning of the term. With ERCOT describing this different program as “DRRS+” it shows that NPRR1310 departs from the statutory requirements of the Texas Legislature when it carefully designed DRRS as an *ancillary service* product.

While TSSA appreciates ERCOT’s desire to respond to the PUCT’s finding in Project No, 55845 and its work to ensure reliable power grid operations, NPRR1310 misses the mark. The Commission identified next steps on DRRS development and included a finding that stated:

ERCOT should design **DRRS to ensure that it meets its primary role as an ancillary service** to mitigate operational risks in real time and reduce the use of Reliability Unit Commitment. **ERCOT should also design flexibility into the mechanism for procuring DRRS** so that, **if the Commission** determines that **the price for or quantity of DRRS should be modified in the future** to provide targeted additional generator revenue, this could be done without requiring significant additional system changes and **without creating artificial scarcity or other detrimental effects on the market**. ERCOT and stakeholders may have additional ideas to achieve this outcome that merit continued examination. (emphasis supplied)[[4]](#footnote-4)

As noted above, the PUCT’s finding directed ERCOT to explore how flexibility could be designed into DRRS by adjusting the quantities or price for this service. It did not direct ERCOT to fundamentally change the nature of DRRS or make other system changes. To address the PUCT’s finding, ERCOT could simply adjust the quantities of DRRS (NPRR1309) procured, if needed. Adjusting the quantities of DRRS also has a direct impact on the price. ERCOT could propose these changes in DRRS quantities in any year through ERCOT’s Annual Ancillary Service Methodology, which is ultimately approved by the PUCT.

In addition, the PUCT specifically required that the “flexibility” feature of DRRS should be designed to ensure that it does not have any detrimental impacts on the market or impact scarcity pricing. As noted previously, ERCOT has not provided any analysis or modeling demonstrating that NPRR1310 has no detrimental impacts on the market or scarcity pricing. This would be an almost impossible task as the creation of DRRS + (which shares features of a capacity market) will clearly have detrimental impacts to the functioning of the energy-only market, diminishing the scarcity pricing signals which incent generation investment by all resources. The absence of data that quantifies the impacts of this NPRR on consumers and the market is concerning.

To the extent that net-CONE (or its proxy) is used to set a budget for DRRS+, inevitably unreasonable costs will accrue to consumers that are not appropriate. In Texas, consumers can average out costs by hedging and reduce average costs by actively participating. Just like in the PJM capacity markets, designing DRRS+ to meet CONE and net-CONE objectives will spread these inappropriate and unreasonable costs across all consumers, regardless of if they are active market participants or not. Moving forward with DRRS+ is a fundamental paradigm shift from our energy-only market and will place more reliance on regulators instead of the market, contrary to the intent of PURA.

TSSA respectfully submits that decisions about creating a significant new market design for ERCOT should be firmly within the purview of the Texas Legislature and not attempted through the ERCOT stakeholder process. And, the Texas Legislature envisioned the DRRS as a targeted new ancillary service to address exiting market concerns, not a new resource adequacy product with capacity market features.

Similar to TSSA’s previous concerns regarding the impacts of the Performance Credit Mechanism (PCM) on consumers and the market, TSSA is troubled that NPRR1310 does not have adequate guardrails, including the lack of any cost cap. Furthermore, TSSA is unaware of any analysis conducted by ERCOT demonstrating the potential revenue shift from ERCOT’s existing energy and ancillary markets to DRRS+ and the resulting changes in investment signals to generators excluded from participation in DRRS+.

TSSA is also concerned that ERCOT has proceeded with NPRR1310 without sufficient justification or analysis to support its proposed sloped demand curve which ends at $10 MW/h or for the continuous procurement of DRRS+. For example, as discussed at the January 7, 2026, TAC DRRS Workshop 1, the proposed demand curve slopes from $150 MW/h to a flat $10 MW/h for any given operating hour which would essentially procure DRRS+ with a Release Factor that is nonzero for every hour of every day. As ERCOT explained at the workshop:

But I think, at least conceptually, **the idea of having this flat payment for every hour of every year was meant to**, again, if the if the resource factor is a nonzero number, then to the extent that that is there, those megawatts would sort of be summed up on an annual basis to something **achieving, something designed to at least support something beyond just the operational uncertainty**.[[5]](#footnote-5) (emphasis supplied)

This particular design choice seems to have been made independent of the modeling analysis contained in ERCOT’s recent Auroa Report and TSSA is unaware of any other modeling or analysis performed by ERCOT specific to NPRR1310. Again, this departure from the Aurora Report and analysis was explained by ERCOT at the workshop:

Certainly welcome comments, Shams, but I just want to reiterate the intent is not to shape the parameters in NPRR1310 to match how Aurora performed their study and assumptions that that they made. That's not the goal of the exercise. They took a particular modeling approach that was suited to what they were trying to represent. But in NPRR1310, this is what we as ERCOT are advancing as the, as the design for a potential design for DRRS as an ancillary service plus that resource advocacy mandate. And so, it may end up being independent of the approach that Aurora was taking, though we, I think as Ryan mentioned, we think that this still can provide meaningful support for a resource advocacy mandate with the $10, flat portion of the demand curve. So, welcome the comments, certainly, **but we just wanted to reiterate that the point is not to try to get NPRR1310 to match Aurora. This is what we are proceeding with independently.** (emphasis supplied)[[6]](#footnote-6)

In addition, it is unknown the quantity of hourly DRRS+ that will be needed or procured but the procurement quantities seem to be targeted to fill any deficiencies in meeting the reliability standard. Again, ERCOT explained that “there will be a separate process that will, likely involve looking at where are we against a reliability standard, what's the incremental capacity that's required, and sort of using that to help us to understand the procurement amounts that would be required to support that resource adequacy outcome.”[[7]](#footnote-7) Without knowing the potential size and scope of the DRRS+ program, it is not possible to understand the financial impact to the market or consumers.

Given these additional concerns regarding the absence of data and analysis to support the design choices in NPRR1310 and the lack of modeling or data that quantifies the impacts to customers and the market, TSSA recommends that this NPRR be rejected. We appreciate the opportunity to provide comments on NPRR1310.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None

1. Comments of Jeff McDonald (IMM) at the January 29, 2026, Open Meeting, Agenda Item Number 9, PUCT Project Nol. 58434, Rulemaking for Firm Fuel Supply Service, Discussion beginning at Grid Monitor Timestamp 51:51. [↑](#footnote-ref-1)
2. Id. at Grid Monitor Timestamp 52:51. [↑](#footnote-ref-2)
3. Id. at Grid Monitor Timestamp 52:51. [↑](#footnote-ref-3)
4. PUC Project No. 55845, Review of Ancillary Services in the ERCOT Market, Commission Findings and Final Report, Topic 6 Finding at 5 (January 14, 2025) which can be located at <https://interchange.puc.texas.gov/search/documents/?controlNumber=55845&itemNumber=46>. [↑](#footnote-ref-4)
5. *See*, Transcript of January 7, 2026, TAC DRRS Workshop 1, provided by Grid Monitor (Grid Monitor Transcript) at Minute 51:47. (Note, the transcript has been edited to remove non-substantive grammar/syntax.) [↑](#footnote-ref-5)
6. *See*, Grid Monitor Transcript at Timestamp 53:13. (Note, the transcript has been edited to remove non-substantive grammar/syntax.) [↑](#footnote-ref-6)
7. *See*, Grid Monitor Transcript at Timestamp 55:52. (Note, the transcript has been edited to remove non-substantive grammar/syntax.) [↑](#footnote-ref-7)