



## Item 15.1.3.1: ERCOT Comments on NPRR1315

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Board of Directors Meeting

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### Purpose

Provide background information on NPRR1315, *Changes to Process of Evaluating the Potential Needs for Additional Capacity and Mitigated Offer Cap.*

### Voting Item

Current voting item: NPRR1315. On 5/13/26, the Technical Advisory Committee (TAC) voted to recommend approval.

### Key Takeaways

- ERCOT's obligation to identify and address potential Emergency Conditions require Protocol enhancements to improve the process.
- ERCOT staff worked collaboratively with stakeholders to craft a mutually acceptable path forward and intend to collaborate further on market enhancements.
- Opposition focused on the need for further prescription and the desire to allow the current market processes to address the issue.

# Background and Reasons for ERCOT Proposed NPRR1315

- In 2025, ERCOT staff reviewed past efforts of procuring Must Run Alternatives (MRA) and Contract for Capacity (C4C). ERCOT staff identified lessons learned and potential process and Protocol improvements.
  - From the fall of 2023 to spring of 2025 there were four requests for proposals (RFPs) for MRA or C4C.
  - No capacity was procured with those RFPs.
- Problem Statement: The existing RFP process and timelines were not successful. Process and Protocol improvements are needed if ERCOT wants to successfully address an anticipated Emergency Condition through an RFP.
- ERCOT staff worked with the PUCT Staff and stakeholders on these enhancements. An initial workshop was conducted in October 2025 (Review and Discuss Potential RMR, MRA and C4C Improvements).
- ERCOT sponsored NPRR1315, posting the initial version in December 2025.
- ERCOT staff informed the Board and stakeholders in early 2026 of the potential for future load shed in Far West Texas to maintain reliability and identified NPRR1315 as important to help address that concern.
- Multiple stakeholder meetings and workshops were held over the past several months.
  - ERCOT staff gathered stakeholder input and collaborated on changes to enhance the design.
  - NPRR1315 was modified in several ways from the initial version based on this collaborative process.

## Description and Key Elements of NPRR1315

**Revision Description:** 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. This NPRR includes protocol language that:

- Adds notification requirements for ERCOT to follow when it has determined capacity is needed
- Extends the study horizon for evaluations of potential Emergency Conditions up to 2 years
- Specifies that ERCOT shall present its study assumptions to the ERCOT Board before awards are made
- Expands the set of eligible Resources that can respond to the RFPs to include new Resources and not be limited to existing resources
- Specifies contract length limit considerations for contracts to address local constraint issues
- Provides more information on the expected Settlement for Resources
- Revises the Mitigated Offer Cap (MOC) calculation for the Resources procured through Section 6.5.1.1

**Key Takeaway:** The NPRR addresses key issues and provides an improved framework and better transparency for the identification of megawatts needed, the RFP process, the use of C4C resources and settlement.

# Benefits of NPRR1315

ERCOT will have more time to:

- Assess the necessity of a C4C and to identify any potential grid reliability risks with the identified capacity shortfall
- Develop the Request for Proposal (RFP)
- Evaluate C4C Offers

Market Participants will have more time to develop suitable resource proposals and to submit C4C offers.

There will be more time for awarded resources to get ready to meet C4C contractual obligations.

Market distortion is minimized through enhanced Mitigated Offer Cap calculations.

**Key Takeaways: Implementing the NPRR language before issuing an RFP for capacity in Far West Texas will benefit both ERCOT and Market Participants.**

**NPRR1315 will have a positive impact on the market. It enhances procedures by introducing notification requirements and more detailed steps that ERCOT must follow when it determines additional capacity is necessary to prevent an imminent Emergency Condition or to restore the ERCOT Transmission Grid to a secure state during an ERCOT Transmission Grid Emergency Condition.**

# Stakeholder Recommendations and Objections to NPRR1315

**TAC Decision:** On 5/13/26, TAC voted to recommend approval of the NPRR. There was one opposing vote (Shell) and one abstention (Morgan Stanley) from the Independent Power Marketer Market Segment, and four abstentions from the Cooperative Segment.

Overall, stakeholders acknowledged the reliability concerns and worked collaboratively to design an effective approach. Furthermore, there is a shared desire between ERCOT and stakeholders to improve the market construct so that C4C capacity procurement is rarely needed.

**Independent Market Monitor (IMM) Opinion:** Opposes NPRR1315

In general, the stakeholders that opposed approval of the NPRR expressed a concern that the process of identifying anticipated Emergency Conditions was not as prescriptive and limited as they wanted.

It was also stated that the impact of the RFP process and contracting with resources to address potential Emergency Conditions for future seasons could preempt the market from addressing a potential issue.

**Key Takeaways:** Overall, stakeholders collaborated on NPRR1315 to address current issues if C4C is needed, but would like to work collaboratively to enhance the market to address potential future needs. Some stakeholders felt the market should be allowed to work, while the IMM argued for further prescription in the Protocols.

## Recommendation

ERCOT recommends that the Board approve NPRR1315 as approved by TAC.