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Subject: M-C072726-01 Discrepancy from 2026 Ancillary Services Methodology

NOTICE DATE: July 27, 2026

NOTICE TYPE: M-C072726-01 Operations

SHORT DESCRIPTION: Discrepancy from 2026 Ancillary Services Methodology

INTENDED AUDIENCE: All Market Participants

DAYS AFFECTED: July 27, 2026

LONG DESCRIPTION: ERCOT recently identified issues with the probabilistic model used to determine the minimum quantities of ERCOT Contingency Reserve Service (ECRS) and Non-Spinning Reserve Service (Non-Spin) for 2026. These issues resulted in lower procurement quantities of ECRS and Non-Spin to date than what appear to be required by the 2026 Ancillary Services Methodology approved by the Public Utility Commission of Texas (PUCT). Several errors in how the forecast-error inputs were processed and aligned within the model, together with issues in the optimization, caused the model to use a lower level of net load uncertainty than it otherwise should have, which lowered the resulting 2026 quantities. Using a corrected model with the approved parameters, ERCOT estimates that the combined ECRS and Non-Spin requirement would have been approximately 3,700 megawatts (MW) higher, on average, each hour.

To date, ERCOT has not experienced reliability issues due to the lower ECRS and Non-Spin procured quantities. Since implementation of Real-Time Co-optimization Plus Batteries (RTC+B), the low cost of Non-Spin relative to the Ancillary Service Demand Curve (ASDC) for that product has resulted in the procurement of more Non-Spin in Real-Time than reflected in the Ancillary Service Plan, reducing the operational gap. During periods when actual system uncertainty exceeded the level covered by the posted quantities, available system headroom supported reliable operations. In addition, despite improved thermal generation commitment efficiency, available Resource headroom during the first six months of 2026 has generally been higher than anticipated, in part because of growth in installed Energy Storage Resource (ESR) capacity.

Although these procured quantities are not in compliance with the 2026 Ancillary Services Methodology requirements, and the corrected model indicates higher ECRS and Non-Spin quantities, ERCOT will not revise the posted Ancillary Service quantities for August 2026 and will continue to procure the posted ECRS and Non-Spin quantities. Instead, ERCOT will continue to assess forecast uncertainty and system conditions closer to Real-Time using its operational risk-assessment tools. If those assessments indicate elevated risk, ERCOT may increase Ancillary Service procurement, including Non-Spin, and/or use Reliability Unit Commitment (RUC), as appropriate. ERCOT will evaluate whether changes to the posted quantities are warranted for the remaining months of 2026 and will further coordinate with PUCT Staff on next steps in addressing this discrepancy.

ERCOT intends to use the corrected model in developing the proposed 2027 Ancillary Services Methodology. As part of that process, ERCOT will discuss with stakeholders the appropriate procurement posture for 2027 and any further model or methodology refinements. ERCOT will share additional details at the July 27, 2026 Wholesale Market Working Group (WMWG) and July 28, 2026 Operations Working Group (OWG) meetings. ERCOT will also provide an update at the July 29, 2026 Technical Advisory Committee (TAC) meeting.

ADDITIONAL INFORMATION: The hourly quantities of all Ancillary Services for 2026, including ECRS and Non-Spin, are posted to the [Ancillary Service Requirement Methodology page](#) of the ERCOT website.

CONTACT: If you have any questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via email at ClientServices@ercot.com.

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