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DAM ESR behavior analysis

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September 25, 2026

- **Purpose**
Provide an update on DAM ESR behavior analysis to stakeholders.

Key Takeaway(s)

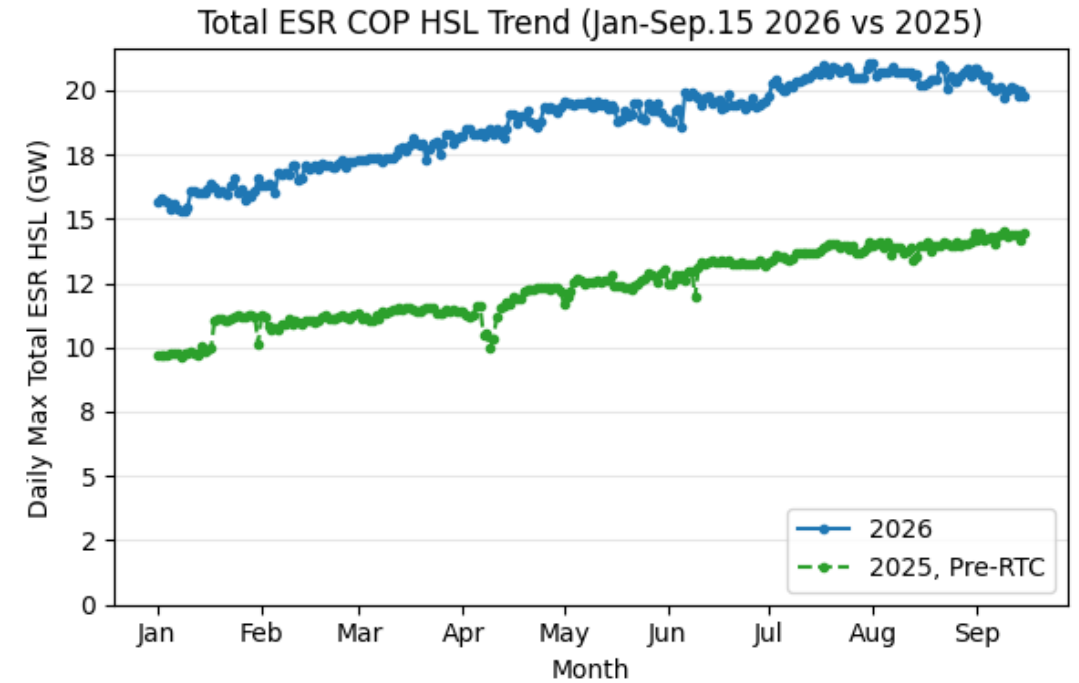
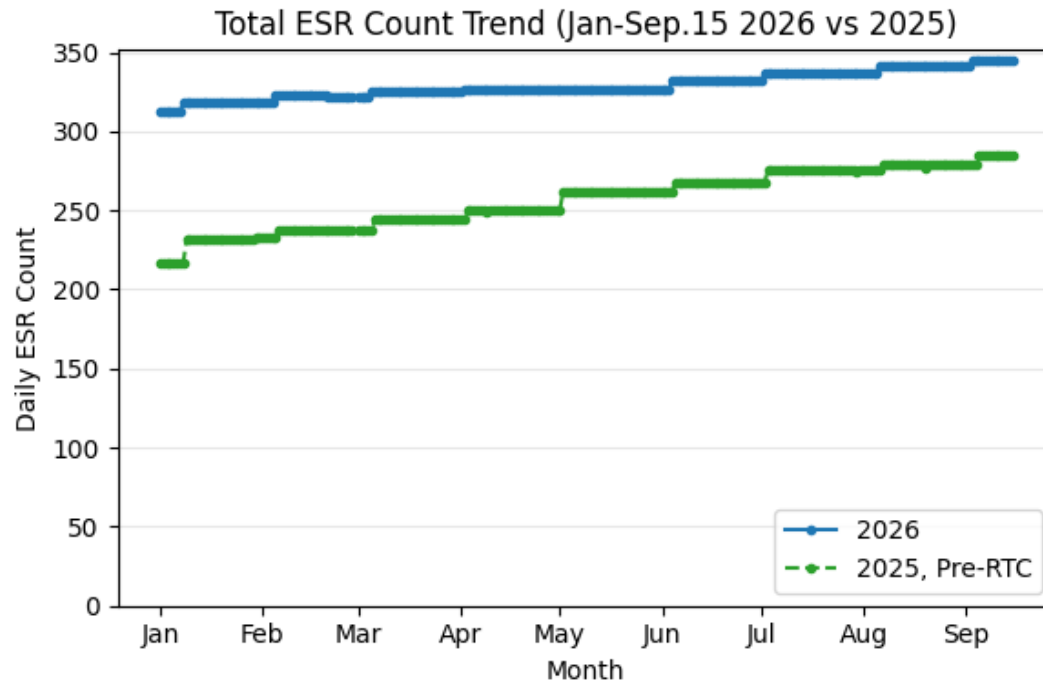
- ERCOT analyzed ESR DAM offer behavior at an aggregate level throughout 2026, using 2025 as a comparison baseline.
- The data shows that the volume of Three-Part Offers, Energy-Only Offers, and AS Offers all increased in DAM.
- Energy-Only Offers grew the fastest during summer months, coinciding with system-wide speculative activity. Separately, a more concentrated behavior change at two specific Settlement Points occurred during an overlapping but distinct period.
- There is no evidence linking those limited ESR DAM behavior changes to RUC activity during summer months.

DAM ESR behavior analysis

- At the August WMWG meeting, a stakeholder requested that ERCOT analyze ESR DAM offering strategy, particularly whether resources are moving from Three-Part Offers (TPO) to energy-only bids or reducing AS obligations, and whether those behavior changes contributed to lower DAM commitments or increased RUC activity.
- ERCOT analyzed ESR DAM offer behavior at an aggregate level throughout 2026, using 2025 as a comparison baseline. The data shows that the volume of Three-Part Offers, Energy-Only Offers, and AS Offers all increased in DAM, though Energy-Only Offers grew the fastest during summer months and dropped back in September.
- The following slides show the data in following order:
 - Total ESR growth
 - Three-Part Offer Activities for ESRs
 - Energy Only Offer Activities for Settlement Points that associated with ESRs
 - DAM Ancillary Service Offer Activities for ESRs



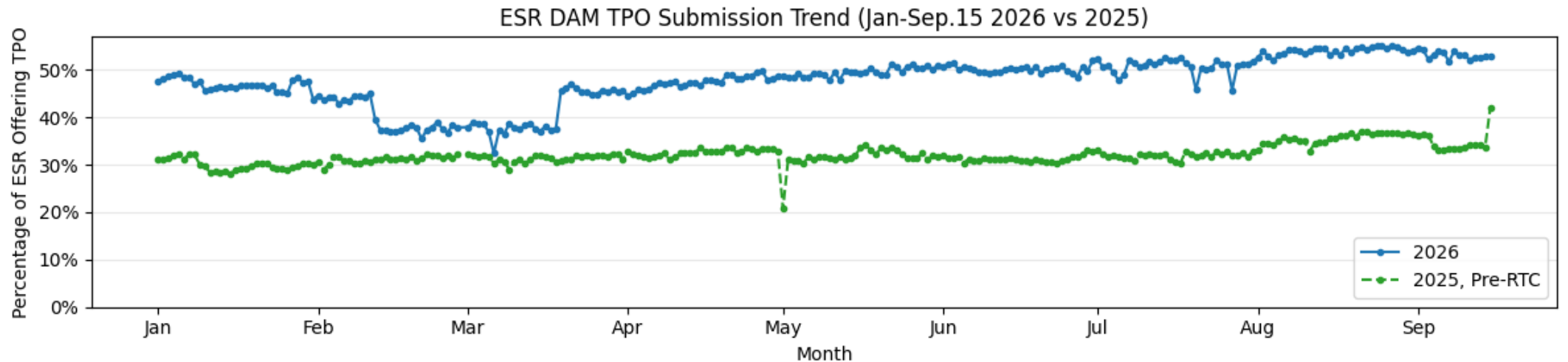
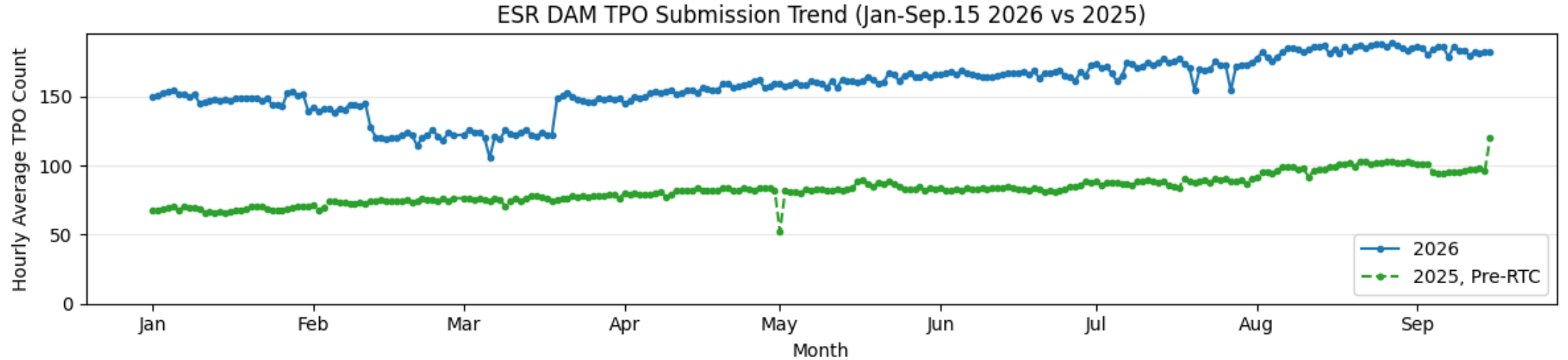
ESR Growth



ESR resource count and total capacity have both grown substantially through 2026, consistent with the year-over-year trend versus 2025.



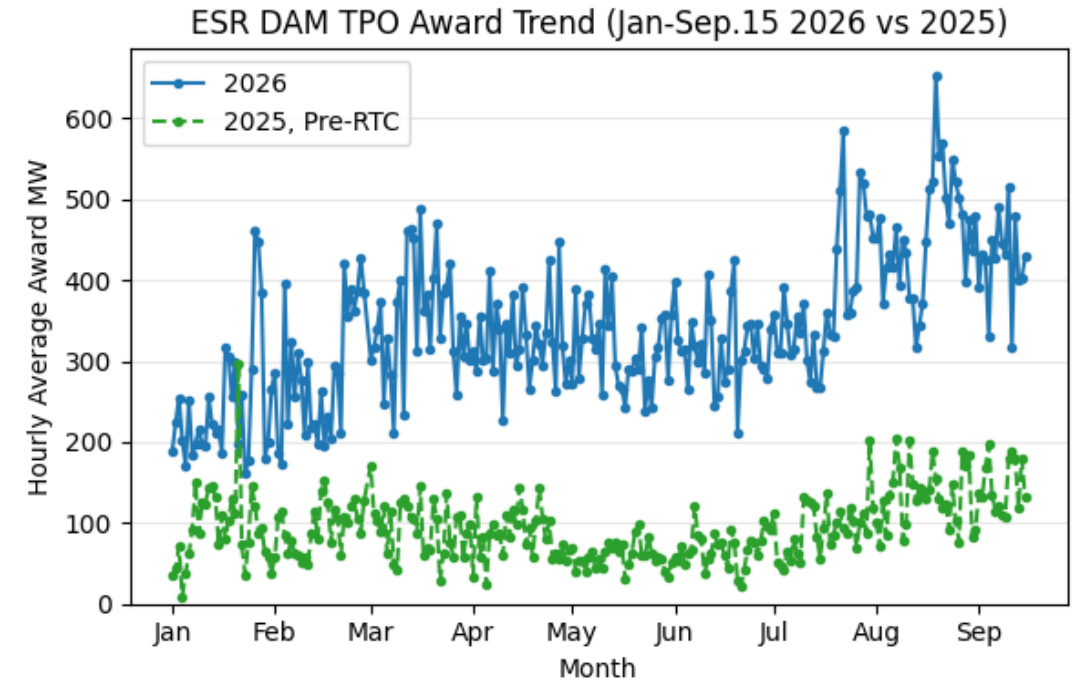
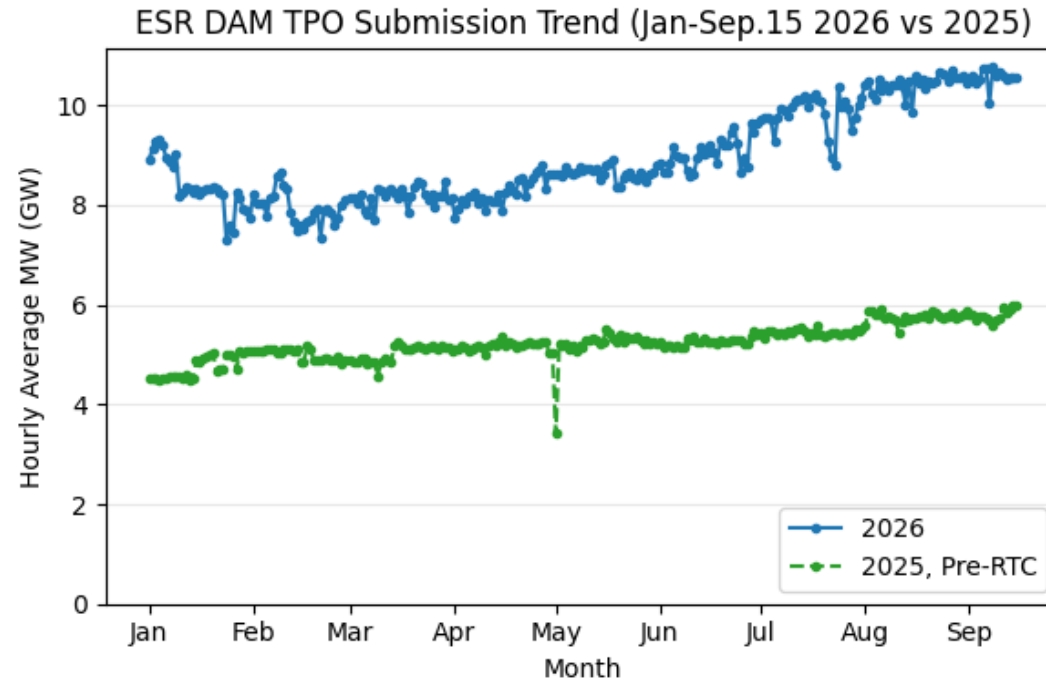
ESR DAM Three-Part Offers Submission Trend (by Count of Hourly Offers)



The share of ESRs submitting Three-Part Offers in DAM has remained consistently above the 2025 level throughout 2026, showing no shift away from TPOs.



ESR DAM Three-Part Offers Submission and Award Trend (by MW)

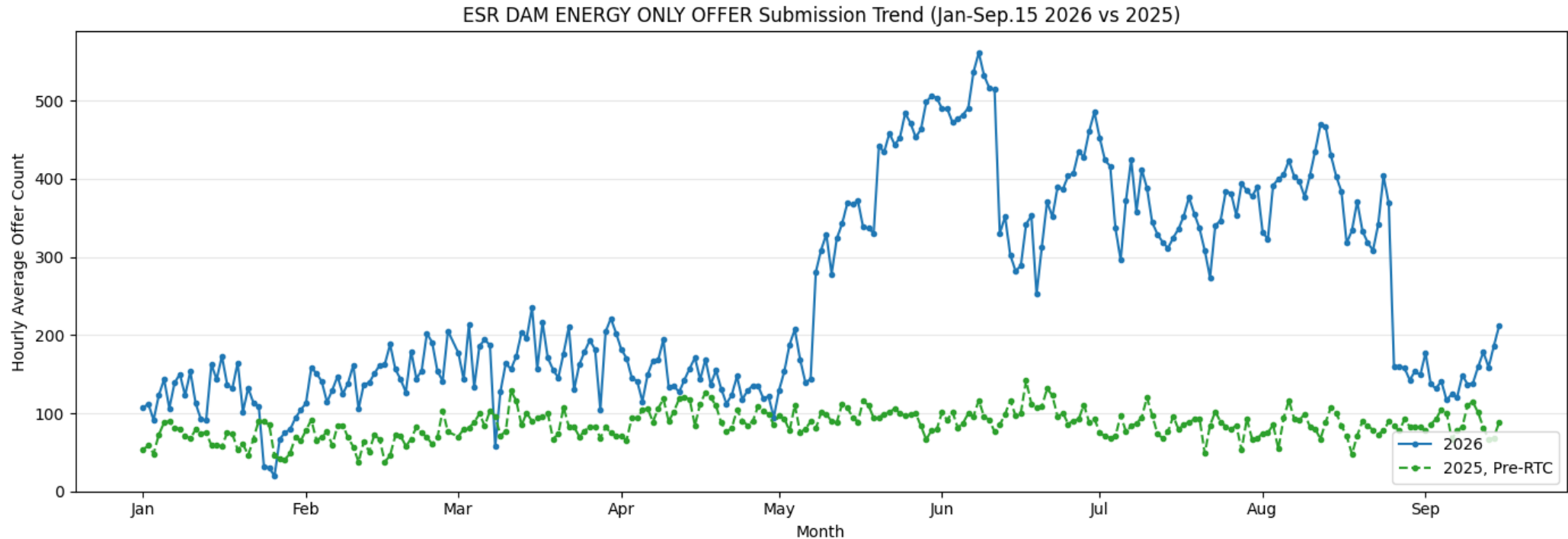


ESR Three-Part Offer submission and award volume (MW) both continued to grow through 2026, reinforcing that there is no shift away from TPOs.

Note: Hourly Average MW = Total Offered MW per day/24
Hourly Average Award MW = Total Awarded MW per day/24



ESR DAM ENERGY ONLY OFFER Submission Trend – All QSEs (by Count of Hourly Offers)

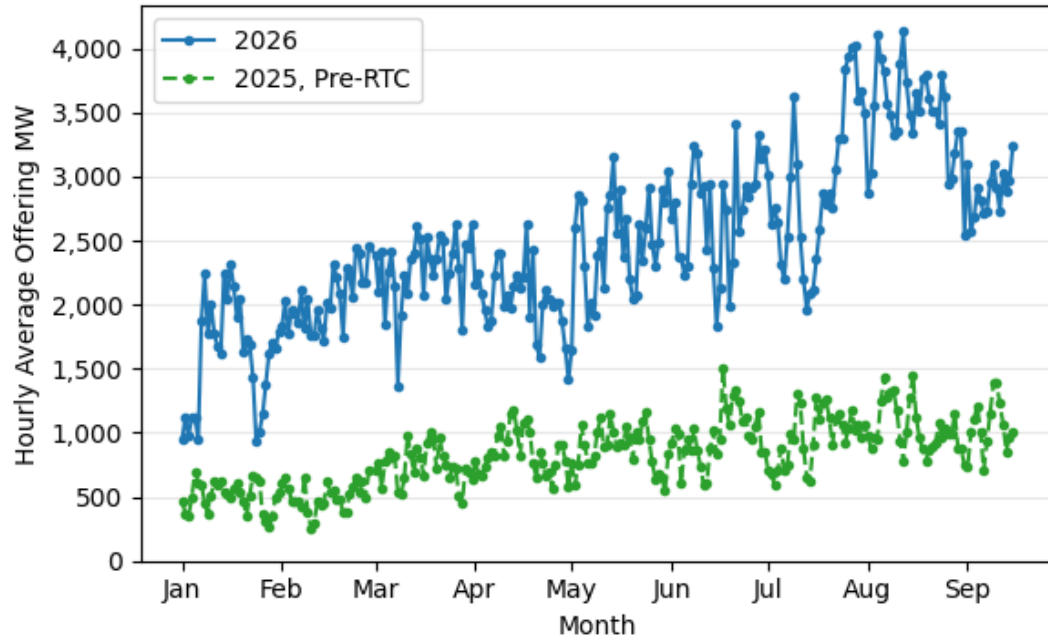


DAM Energy-Only Offer activity rose sharply from May to late August 2026, driven by a sudden increase in speculative activity with small MW amounts at ESR settlement points. ERCOT resolved the issue in late August.

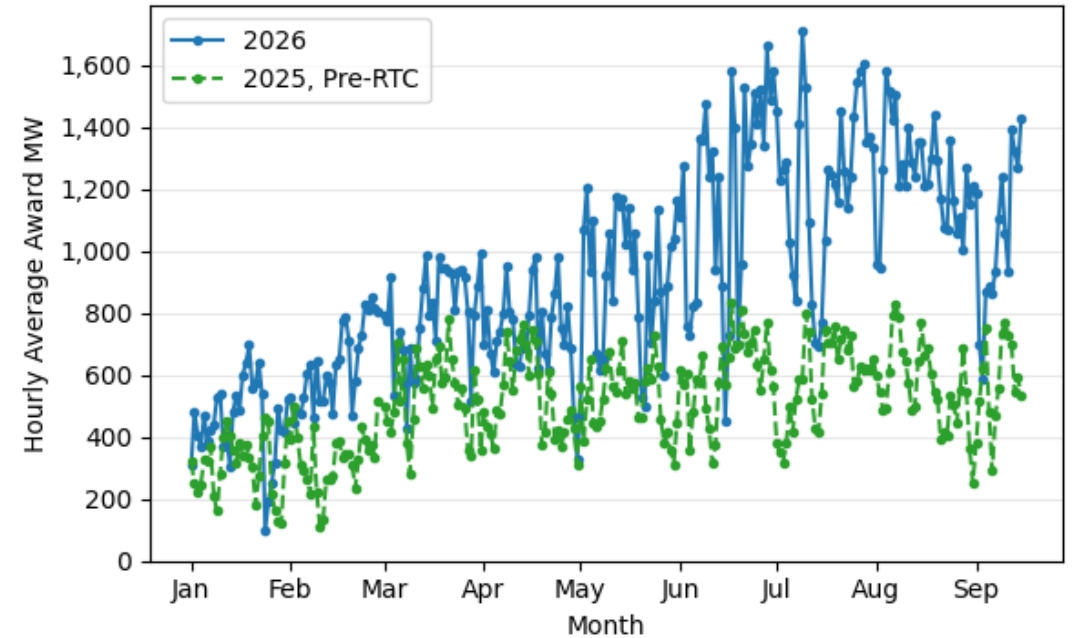


ESR DAM ENERGY ONLY OFFER Submission Trend – All QSEs (by MW)

ESR DAM ENERGY ONLY OFFER Submission Trend (Jan-Sep.15 2026 vs 2025)



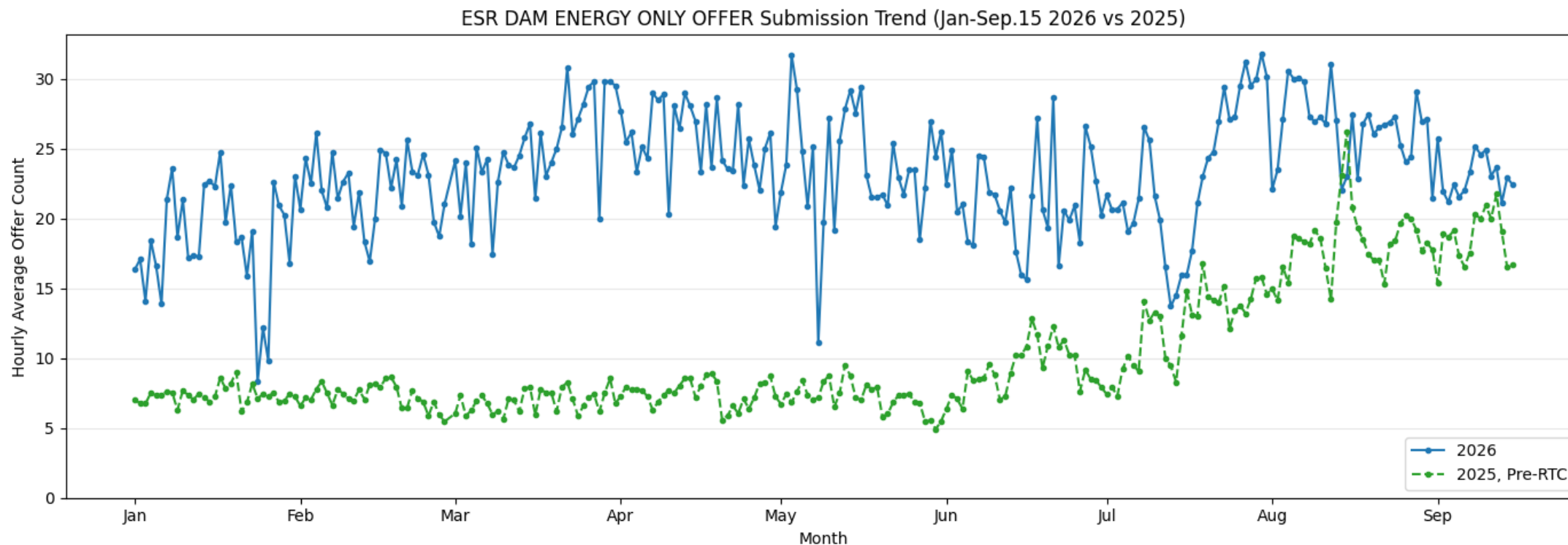
ESR DAM ENERGY ONLY OFFER Award Trend (Jan-Sep.15 2026 vs 2025)



ESR Energy-Only Offer and award volume (MW) both grew substantially through 2026 compared to 2025, though volume has pulled back in September.



ESR DAM ENERGY ONLY OFFER Submission Trend – Only QSEs own an ESR at the Settlement Point (by Count of hourly offers)

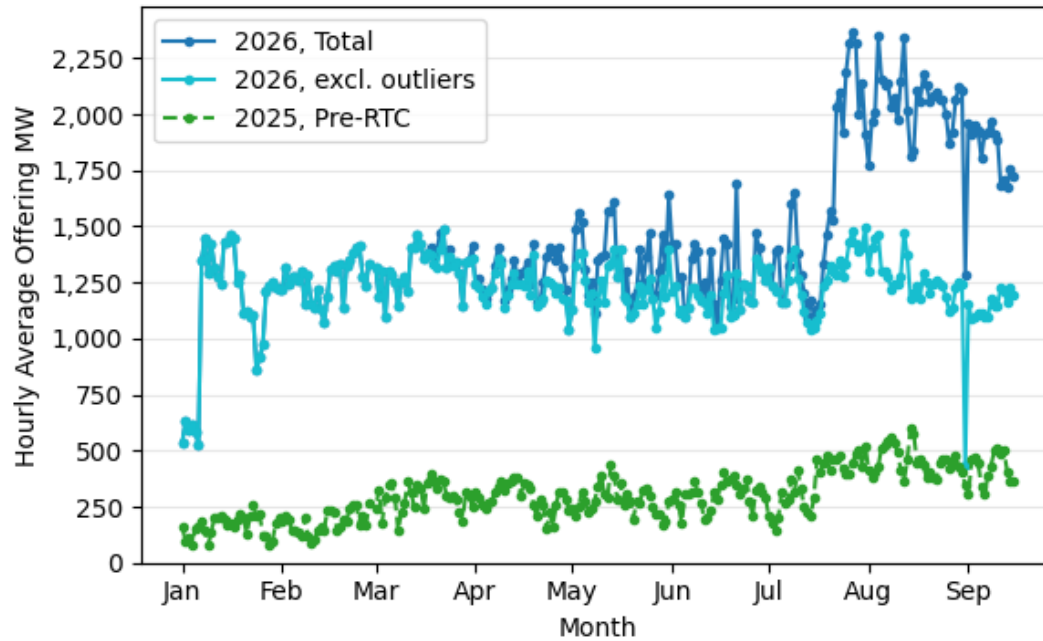


Once speculative activity is excluded, non-speculative Energy-Only Offer count shows steady, gradual growth in line with the broader ESR fleet trend — without the sharp spike seen in the all-QSE data.

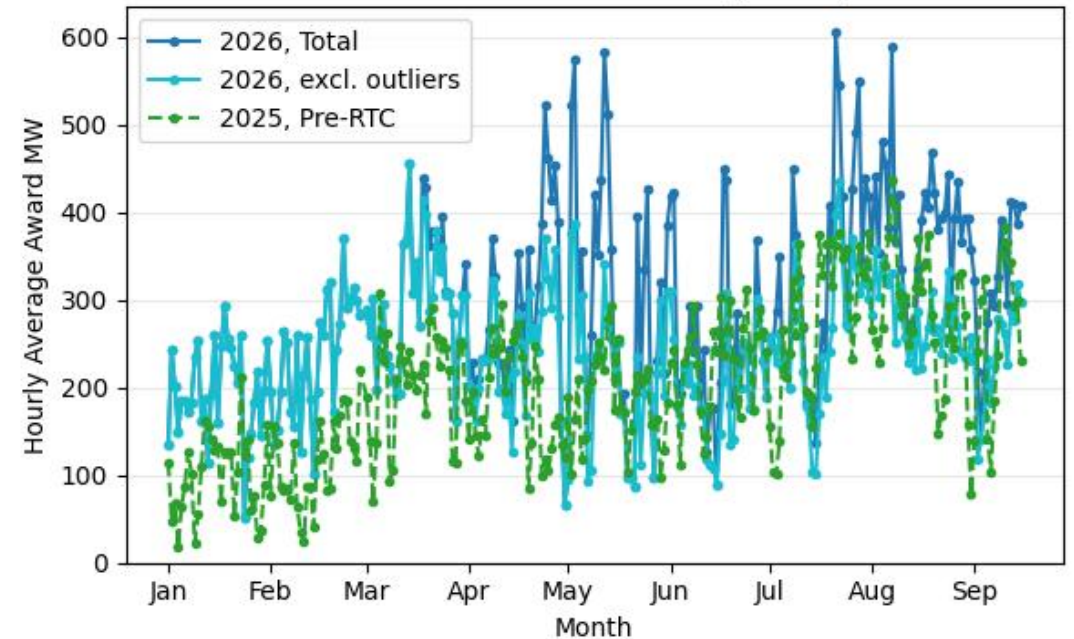


ESR DAM ENERGY ONLY OFFER Submission Trend (by MW) – Only QSEs own an ESR at the Settlement Point

ESR DAM ENERGY ONLY OFFER Submission Trend (Jan-Sep.15 2026 vs 2025)



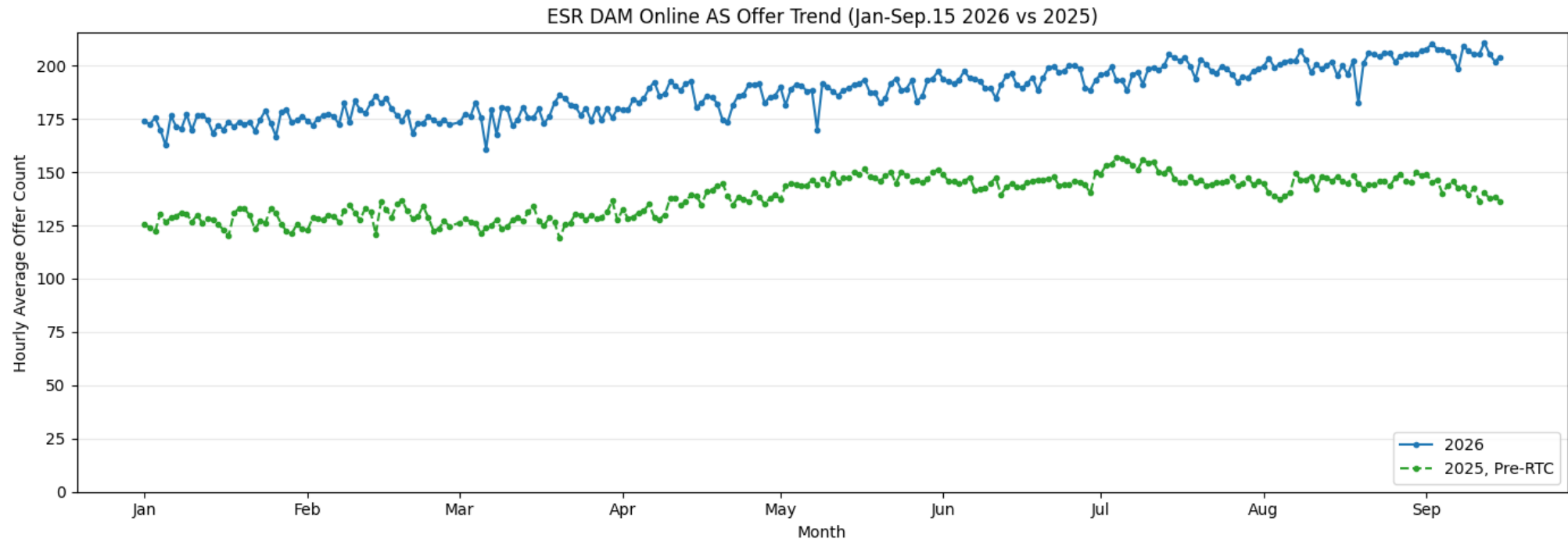
ESR DAM ENERGY ONLY OFFER Award Trend (Jan-Sep.15 2026 vs 2025)



We observed an increase in offered MW from non-speculative Energy-Only Offers (offers from QSEs that own an ESR at the Settlement Point) starting in late July. This increase was concentrated at two specific settlement points rather than reflecting a broader, system-wide behavior change, and the elevated level has since declined in early September.



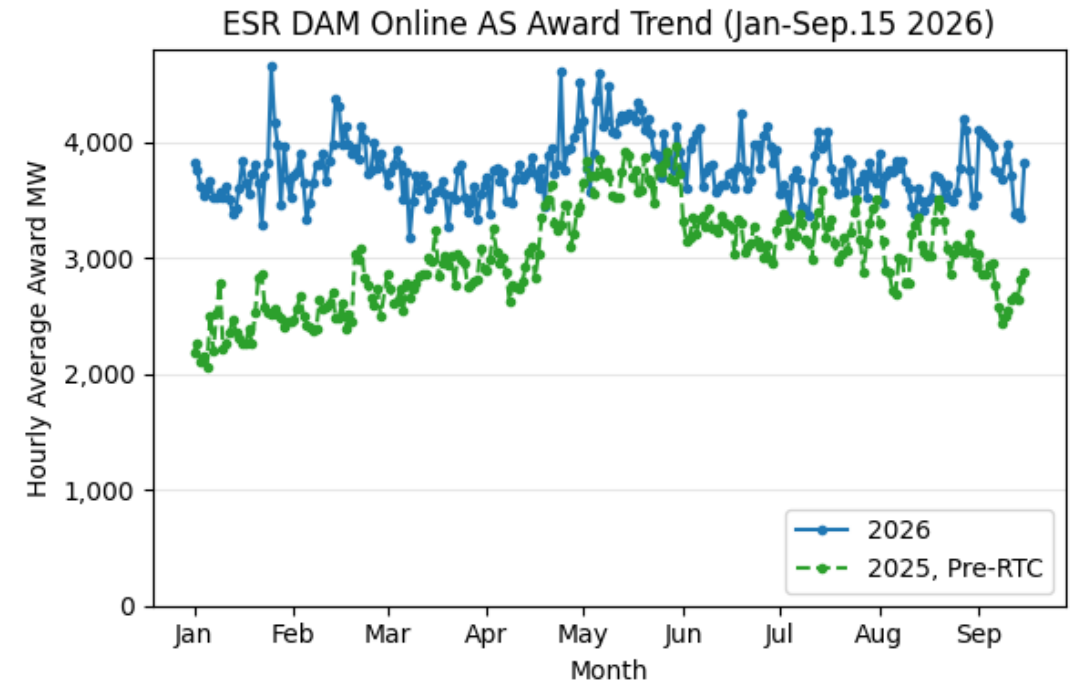
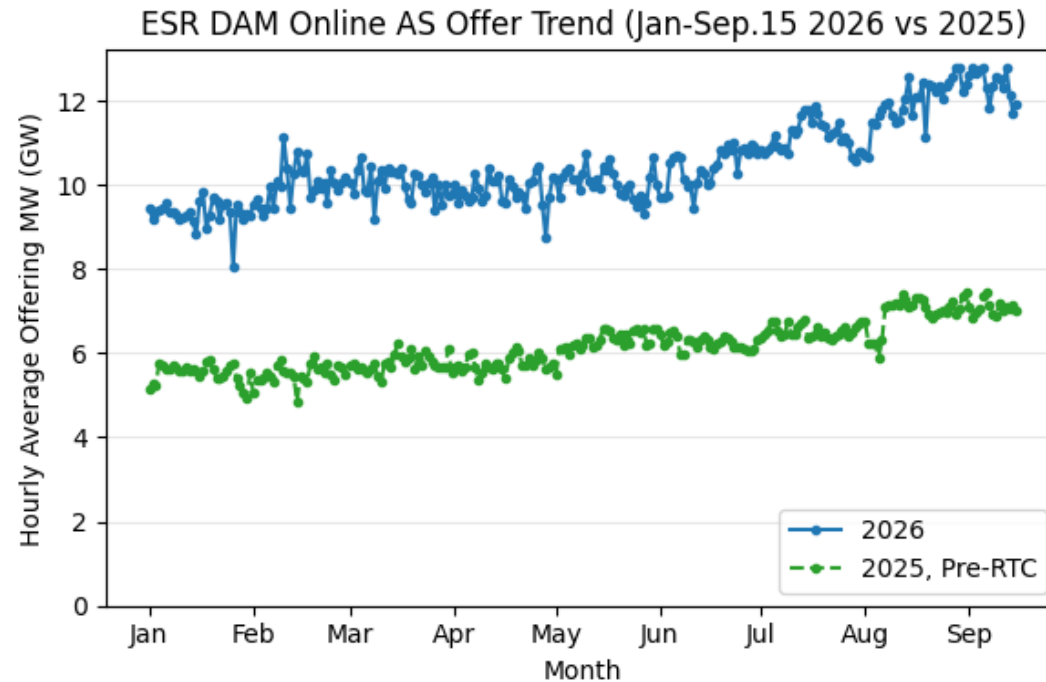
ESR DAM Online Linked Upward AS Offer Submission Trend (Count)



The count of ESR online linked upward AS offers has grown steadily through 2026, consistent with the same growth pattern seen in TPO submissions and non-speculative Energy-Only offers.



ESR DAM Online Linked Upward AS Offer Submission and Award Trend (MW)



ESR Online Linked Upward AS offer and award volume (MW) have both grown through 2026, staying at or above 2025 levels throughout the period.



Summary

- **ERCOT analyzed ESR DAM offer behavior at an aggregate level throughout 2026, using 2025 as a comparison baseline. The data shows that the Three-Part Offers, Energy-Only Offers, and AS Offers all increased in DAM.**
 - We do not see a drop in TPO or AS Offers.
 - Energy-Only Offers grew the fastest during summer months, driven by system-wide speculative activity rather than a genuine shift in ESR strategy. A separate, more concentrated behavior change was also identified at two specific Settlement Points, on a narrower but overlapping timeframe. Overall, these were temporary and non-sustained behavior changes, not a lasting, system-wide shift in ESR strategy.
- **Limited ESR behavior changes in the Day-Ahead Market are unlikely to materially impact DAM outcomes:**
 - ESR awarded MW in TPO and EOO remain small relative to total DAM energy volume system-wide.
 - TPO and EOO awards receive the same treatment in the RUC capacity short-charge calculation, so a shift between offer types would not create an asymmetric settlement outcome.
- **There are many drivers of RUC activity, and we do not see an obvious link between ESR behavior in DAM and RUC outcomes.**
- **While single-factor sensitivity studies can be performed, estimating ESR DAM behavior's specific impact on RUC activity remains difficult, since it depends on assumptions about market participants' response and behavior change that are hard to validate.**



Questions?

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