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| OBDRR Number | [041](https://www.ercot.com/mktrules/issues/OBDRR041) | OBDRR Title | Updates to Requirements for Aggregate Load Participation in the ERCOT Markets |
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| Date | May 24, 2022 |
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| Submitter’s Information |
| Name | Rao Konidena |
| E-mail Address | Rkonidena76@gmail.com |
| Company | Rakon Energy LLC |
| Phone Number | (612) 594 9257 |
| Cell Number | (612) 594 9257 |
| Market Segment | Not applicable |

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| Comments |

Rakon Energy LLC is an independent consulting firm providing transmission expertise for aggregated distributed energy resources. As a former Midcontinent Independent System Operator (MISO) employee, Rakon's Rao Konidena is keenly aware of aggregated load in organized markets.

This Other Binding Document Revision Request (OBDRR) will enable Texas to unlock price-responsive, economic competition on the consumer side of the ERCOT electric grid. It will allow Texans who have already made a private investment in equipment and devices designed to improve the efficiency, resiliency, and reliability of their homes to turn their homes into a participant in a distributed power plant network that can generate, store, and deliver energy and ancillary services necessary for grid reliability back to the grid. This OBDRR is the type of policy change we need to ensure a prosperous future for a competitive market in Texas – new ideas that can quickly be implemented to increase the size of the electric market and introduce new ways to bring competition and growth without subsidies and mismatched investments.

Market reforms should allow all energy resources to participate in energy and ancillary service markets. ERCOT has progressed in getting smaller distributed technologies to register with ERCOT for greater visibility (at the commercial scale). However, this participation has been limited mainly to "Settlement-Only" storage and distributed generation rather than allowing them to bid into the market. ERCOT must work together with market participants like Tesla to quickly clear the way to unlock distributed energy capacity. There are hundreds of unregistered distributed megawatts, price response-capable, and price-sensitive, waiting to be unleashed through economic compensation models that encourage them to be dispatched in virtual power plants (see ERCOT Unregistered DG Report). ERCOT cannot currently provide a price signal to encourage responsiveness of these megawatts, and a market structure that could directly send a signal to these resources to begin exporting capacity is years away. It is an imperative decision, enabled by OBDRR041, to at least begin unlocking this value for the electric grid and for customers by allowing devices that can respond while withdrawing and injecting, to participate in a Load Resource - a concept that already exists in the market rules.

As described in market participant comments to the Public Utility Commission after Storm Uri, allowing retail energy providers to access this new value from their residential customers' distributed devices provides an inexpensive pathway for customers to be energy entrepreneurs. As one commenter described it, for example, during hot summer days, a customer’s decision to raise the temperature of their thermostat along with hundreds of other similar customer decisions can, in aggregate, significantly reduce stress on the grid. Those steps in turn can reduce a person's electric bill, but when coordinated with others, and especially when all customers are paid to take these actions, the participants can earn money (or bill credits) simultaneously. Comments to the Commission have also described that advanced metering infrastructure has already been deployed in Texas, and new technologies including next-gen sensors, smart home and appliance devices, consumer software programs, EVs, and even emerging blockchain-based P2P trading programs, will drive additional responsive demand in the future. Retail electric providers and other load serving entities that help customers harness the value of these technologies also will be able to aggregate customers to coordinate more sophisticated consumption management actions that support reliable grid operations. It is a no-brainer that Texas needs this solution now, and we can begin by unlocking the opportunity to get there, with this OBDRR.

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| Revised Cover Page Language |

None

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| Revised Proposed Other Binding Document Language |

None