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| NPRR Number | [1235](https://www.ercot.com/mktrules/issues/NPRR1235) | NPRR Title | Dispatchable Reliability Reserve Service as a Stand-Alone Ancillary Service |
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| Date | July 22, 2024 |
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| Submitter’s Information |
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| Cell Number |  |
| Market Segment | Independent Generator |

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| Comments |

The Joint Commenters (Spearmint Renewable Development Company, LLC, Eolian, L.P., and Form Energy, Inc.) appreciate the opportunity to comment on Nodal Protocol Revision Request (NPRR) 1235. The Joint Commenters support the adoption of this new stand-alone Ancillary Service, Dispatchable Reliability Reserve Service (DRRS), as it was discussed and approved in House Bill (HB) 1500 as enacted by the 88th Texas Legislature. The effective statutory language relating to DRRS ([Public Utility Regulatory Act (PURA) § 39.159](https://statutes.capitol.texas.gov/Docs/UT/htm/UT.39.htm#39.159)(d)), was intentionally drafted to include and incentivize Energy Storage Resources (ESRs) capable of providing four (4) or more hours of capacity for DRRS.

Specifically, the statutory provisions creating DRRS were initially contained in [Senate Bill (SB) 7](https://capitol.texas.gov/tlodocs/88R/billtext/pdf/SB00007S.pdf#navpanes=0), which was approved by the Senate on April 5, 2023. Prior to SB 7’s passage in the Senate, the bill contained language requiring dispatchable Resources to be capable of performing to the Resource’s full capacity for ten (10) hours. However, following discussions to help encourage participation by ESRs, Senator Zaffirini proposed an amendment to SB 7, which was supported by Senator Schwertner (SB 7’s author), to revise the duration requirement from ten (10) hours to four (4) hours:

This amendment changes the run time from ten (10) hours to four (4) hours but allows ERCOT to require a longer run time if they determine it is necessary. **This was done to address concerns that a 10-hour run time would limit dispatch resources like *batteries***. If the need for a run time longer than four hours is necessary in the future, however, ERCOT will be able to make this change (emphasis added).[[1]](#footnote-1)

Further, as Senator Menendez explained on the Senate floor while discussing firming requirements and DRRS:

…dispatchable reliable energy is what we want for our constituents. But ***it needs to be technology agnostic*** and it future proofs it by allowing us to be able to do things in real time. And we ***don't hold ourselves to just one technology that provides that dispatchable power*** (emphasis added).[[2]](#footnote-2)

SB 7 was ultimately incorporated into HB 1500. Both the Texas Senate and the House of Representatives approved and the DRRS statutory language with the four (4) hour duration requirement and Governor Abbott signed HB 1500 into law on June 9, 2023, with an effective date of September 1, 2023.

The current version of DRRS as proposed by ERCOT does not allow for the participation of ESRs, although ERCOT has indicated that ESRs could be included at some point in the future.[[3]](#footnote-3) While it was stated at the June 13, 2024 Protocol Revision Subcommittee (PRS) meeting that ESRs would not be eligible to participate at this time in the current design because of the “complexities” of adding a new Off-Line Resource Status code, the Joint Commenters believe that ESRs should be eligible to participate in DRRS at the outset of the implementation of DRRS or at soon thereafter rather than waiting until some uncertain future date in order to comply with the requirements of HB 1500 and the clear legislative intent.

The Joint Commenters understand the urgency in bringing this new Ancillary Service to market during periods when there is sudden unavailability of dispatchable generation and risks to the overall grid, but at the same time we believe this product should not discriminate against Resources, such as ESRs, that can meet the design requirements laid out in statute Section 39.159.

The Joint Commenters will make themselves available to support ERCOT Staff in any way to help integrate ESRs ability to participate in DRRS as soon as practicable but believe ERCOT should adopt and implement any necessary rule and system changes to allow ESR participation in DRRS within six months of the initial DRRS go-live date. As ERCOT Staff stated at the 6/24/24 Technical Advisory Committee (TAC), the current expected go live for DRRS is “likely” in 2026 after RTC+B. The Joint Commenters believe that there should be time in this timeframe (in the current development of DRRS) to address the “complexities” of enhancing DRRS to include the participation of ESRs.

ESRs are capable resources that are some of the most flexible resources available today to support the growing energy needs and grid resiliency in ERCOT. We look forward to additional discussion on NPRR1235 and supporting ERCOT in ensuring the greatest operational flexibility and market benefits through participation in DRRS by all types of eligible dispatchable Resources, as intended by the Texas Legislature.

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| Revised Cover Page Language |

None at this time.

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| Revised Proposed Protocol Language |

None at this time.

1. Senate Session (Apr. 5, 2023), available at <https://tlcsenate.granicus.com/MediaPlayer.php?view_id=53&clip_id=17610> (Timestamp: 03:28:55 – 03:29:25); *see also* SB 7 Amendment (Sen. Zaffirini) at <https://capitol.texas.gov/tlodocs/88R/amendments/pdf/SB00007S2F2.PDF>. [↑](#footnote-ref-1)
2. Senate Session (Apr. 5, 2023), available at <https://tlcsenate.granicus.com/MediaPlayer.php?view_id=53&clip_id=17610> (Timestamp: 03:30:56 – 03: 32:17). [↑](#footnote-ref-2)
3. ERCOT Staff has stated that it is “open to future evolution of DRRS through design enhancement… and ***maybe consider*** future enhancements” (ERCOT Staff at the Jun. 3, 2024 DRRS Workshop). [↑](#footnote-ref-3)