|  |  |  |  |
| --- | --- | --- | --- |
| NPRR Number | [1224](https://www.ercot.com/mktrules/issues/NPRR1224) | NPRR Title | ECRS Manual Deployment Triggers |
| Date of Decision | | July 25, 2024 | |
| Action | | Rejected | |
| Timeline | | Urgent - to implement the policy approach proposed herein by summer 2024. | |
| Estimated Impacts | | Cost/Budgetary: None  Project Duration: No project required | |
| Effective Date | | Not applicable | |
| Priority and Rank Assigned | | Not applicable | |
| Nodal Protocol Sections Requiring Revision | | 6.4.4.3, Energy Offer Curve for On-Line ERCOT Contingency Reserve Capacity (new)  6.5.7.3, Security Constrained Economic Dispatch  6.5.7.6.2.4, Deployment and Recall of ERCOT Contingency Reserve Service | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) introduces a trigger that ERCOT may use to manually release ERCOT Contingency Reserve Service (ECRS) from Security-Constrained Economic Dispatch (SCED)-dispatchable Resources when the system power balance constraint is consistently violated and the MW amount of the power balance violation is at least 40 MW for ten consecutive minutes. This NPRR also requires that the Energy Offer Curves for the capacity assigned to ECRS be offered at no less than $750 per MWh. | |
| Reason for Revision | | [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 1 – Be an industry leader for grid reliability and resilience  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 3 - Advance ERCOT, Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission  General system and/or process improvement(s)  Regulatory requirements  ERCOT Board/PUCT Directive  *(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)* | |
| Justification of Reason for Revision and Market Impacts | | During the 2024 Ancillary Service methodology discussion at meetings of the Technical Advisory Committee (TAC) and the ERCOT Board of Directors (ERCOT Board), ERCOT was asked to review the methodology used to compute the minimum quantities of ECRS and identify potential alternatives by April 30, 2024, taking into account the analysis that the Independent Market Monitor (IMM) has conducted on the impact of ECRS. This timeline was selected so that proposed changes (if necessary) could be in place by summer 2024.  ERCOT and the IMM have been working on this issue. The IMM recommended a few changes to alleviate its concerns. ERCOT has closely reviewed these recommendations. One proposal was to require ERCOT to release some portion of ECRS in every hour at an energy offer floor via a standing deployment. ERCOT is agreeable to this proposal but notes that this concept may need some system changes (potentially both for systems at ERCOT and on the Market Participant end) and may not be feasible to implement by summer 2024.  Another IMM proposal was to allow ERCOT to manually release ECRS capacity from SCED-dispatchable Resources when the power balance constraint is violated. ERCOT has worked with the IMM to develop this concept further in a manner that would allow it to be implemented by summer 2024. Based on that work, this NPRR proposes to include a trigger that will allow manually releasing ECRS capacity on SCED-dispatchable Resources when the power balance constraint is consistently violated and the MW amount of the power balance violation is at least 40 MW for ten consecutive minutes. ERCOT is open to stakeholder comments regarding alternative values of power balance violation and duration.  When manually releasing SCED-dispatchable ECRS, ERCOT plans to preserve some SCED-dispatchable ECRS to ensure that ERCOT has sufficient capacity that can respond and help recover frequency within the parameters required by North American Electric Reliability Corporation (NERC) Reliability Standards. However, if the power balance constraint violation remains at or above 40 MW, ERCOT will continue to release ECRS in small blocks.  Further, when ECRS capacity from SCED-dispatchable Resources is manually released, ERCOT will recall the manually released ECRS when the triggering condition has ended and the ERCOT System is operating with a steady-state frequency above 59.97 Hz. | |
| PRS Decision | | On 4/5/24, PRS voted to grant NPRR1224 Urgent status. There were two opposing votes from the Cooperative (LCRA) and Independent Generator (Calpine) Market Segments and two abstentions from the Independent Power Marketer (IPM) (2) (Tenaska, Morgan Stanley) Market Segments. PRS then voted to table NPRR1224. There were three abstentions from the Cooperative (PEC), Independent Generator (Jupiter Power), and Investor Owned Utility (IOU) (Oncor) Market Segments. All Market Segments participated in both votes.  On 5/9/24, PRS voted to recommend approval of NPRR1224 as amended by the 4/30/24 TCPA comments as revised by PRS and to forward to TAC NPRR1224 and the 3/27/24 Impact Analysis. There were five opposing votes from the Consumer (4) (Residential, OPUC, City of Eastland, Occidental) and Independent Retail Electric Provider (IREP) (Reliant) Market Segments and six abstentions from the Cooperative (2) (STEC, PEC), Independent Generator (NextEra Energy), and Municipal (3) (CPS Energy, GEUS, Austin Energy) Market Segments. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 4/5/24, ERCOT Staff provided an overview of NPRR1224 and the request for Urgent status. Participants reviewed the issues raised in the 4/4/24 Joint Consumers comments and requested additional analysis from the IMM and ERCOT prior to moving NPRR1224 forward.  On 5/9/24, participants reviewed the 4/30/24 TCPA comments, debated the appropriateness of a price floor for ECRS and an appropriate value for it, and proposed desktop edits to the Revision Description to align with the Protocol revisions. | |
| TAC Decision | | On 5/22/24, TAC voted to recommend approval of NPRR1224 as recommended in the 5/9/24 PRS Report as revised by TAC. There were ten opposing votes from the Consumer (6) (Residential, OPUC, CMC Steel, Lyondell Chemical, City of Eastland, City of Dallas) and IREP (4) (Reliant, Rhythm Ops, APG&E, Demand Control 2) Market Segments. All Market Segments participated in the vote. | |
| Summary of TAC Discussion | | On 5/22/24, TAC reviewed the items below. Participants reviewed the 5/15/24 and 5/17/24 IMM comments, and debated the appropriateness of a price floor for ECRS and an appropriate value for it. Participants proposed desktop edits to lower the floor from the PRS-recommended value of $1,000 per MWh to $750 per MWh. | |
| Explanation of Opposing TAC Votes | | **Consumer/Residential, OPUC** – We agree with Lyondell Chemical’s perspective on the IMM’s comments, and also appreciate that the NPRR will lead to an earlier deployment of ECRS, which will allow the reserved capacity to meet the energy demands of ERCOT’s consumers more efficiently. While an offer floor is inappropriate, if the ERCOT Board were to approve the NPRR with an offer floor, it should be in the range of $200 instead of $750. $200 is a little above the Non-Spin offer floor.  **Consumer/CMC Steel** – We support the IMM’s comments and believe that a price floor, particularly a price floor as high as $750/MWh, is inappropriate. The price floor merely maintains market inefficiencies that this NPRR was meant to address. As the IMM explained, while it may be in the economic interest of suppliers in the short term, artificially setting prices so high will undermine the credibility of the ERCOT market.  **Consumer/Lyondell Chemical** – We voted against the current language in NPRR1224 because its high price floor will impose needlessly high costs on ERCOT consumers. We note that during the highest Load hours during summer peak, there is no need for ERCOT to procure so much ECRS, as the ERCOT market design already provides overwhelming incentives for the ERCOT bilateral commercial market to make all available resources ready for real-time dispatch. As NPRR1224 currently stands, the price floor of $750/MWh will interact with this artificial shortage of dispatchable Resources created by high levels of ECRS procurement during summer peak to burden ERCOT consumers with excessive costs. We support the IMM’s comments and believe that a price floor, particularly a price floor as high as $750/MWh, is inappropriate. The price floor merely maintains market inefficiencies that this NPRR was meant to address. As the IMM explained, while it may be in the economic interest of suppliers in the short term, artificially setting prices so high will undermine the credibility of the ERCOT market. Notably, a price floor at $750 is not backed by any robust analysis. The Joint Commenters attempt to equate a 500 MW release of ECRS to a 500 MW shortage, which the IMM explained was improper because it’s not clear how much of the ECRS will be dispatched. Without a more thorough analysis, implementing a $750/MWh price floor will only serve to maintain market inefficiencies at the expense of consumers.  **Consumer/City of Eastland, City of Dallas** – The $750 price floor is excessive and undermines the purpose of NPRR1224—to reduce the $12 billion of ECRS related artificial shortage prices. As the IMM commented, a price floor retains significant levels of artificial shortage prices that exceed the floor. Moreover, there is insufficient analysis demonstrating the price floor, at such a high threshold, appropriately values ECRS. In sum, the price floor (1) reinforces market inefficiencies that NPRR1224 intends to address, and (2) lacks analytical support. Thus, NPRR1224—with the $750 price floor—imposes unnecessary and unsubstantiated cost on consumers.  **IREP/Reliant** – Reliant opposes the level of offer price floor at $750 and whether that high of a floor could offset the benefits of releasing portions of ECRS earlier for “undergen” conditions. Reliant has concerns with the excessive amount of Ancillary Service procurement given the overlap in objectives between ECRS and Non-Spin to address net Load variability. We understand the need to value reserves consistent with the reliability benefits provided to the ERCOT System but establishing price floor levels at this time pre-empts the process to perform a comprehensive review of the Ancillary Service methodology and procurement amounts at the PUCT.  **IREP/Rhythm Ops** – Rhythm opposes for the same reasons as Reliant and would prefer no floor for the reasons above. That said, the discussions at TAC (particularly the graphs presented by the Joint Commenters) indicated that even if ECRS is being used to support conservative operations, a $500 floor was a more appropriate read of the data.  **IREP/APG&E** – Explanation requested but not provided.  **IREP/Demand Control 2** – Demand Control 2 agrees with the comments of Reliant and Rhythm Ops above. | |
| TAC Review/Justification of Recommendation | | Revision Request ties to Reason for Revision as explained in Justification  Impact Analysis reviewed and impacts are justified as explained in Justification  Opinions were reviewed and discussed  Comments were reviewed and discussed (if applicable)  Other: (explain) | |
| ERCOT Board Decision | | On 6/18/24, the ERCOT Board voted to recommend approval of NPRR1224 as recommended by TAC in the 5/22/24 TAC Report. There was one abstention. | |
| PUCT Decision | | On 7/25/24, the PUCT rejected NPRR1224. | |

|  |  |
| --- | --- |
| **Opinions** | |
| Credit Review | ERCOT Credit Staff and the Credit Finance Sub Group (CFSG) have reviewed NPRR1224 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. |
| Independent Market Monitor Opinion | See 5/15/24, 5/17/24, 6/4/24, and 6/12/24 IMM comments |
| ERCOT Opinion | ERCOT supports approval of NPRR1224. |
| ERCOT Market Impact Statement | ERCOT Staff has reviewed NPRR1224 and believes the market impact for NPRR1224 provides an additional trigger that the ERCOT Control Room Operators may use to manage the release of ECRS Capacity to SCED in the near term, but acknowledges longer-term solutions will be proposed in subsequent NPRR(s). |

|  |  |
| --- | --- |
| Sponsor | |
| Name | Nitika Mago |
| E-mail Address | [nitika.mago@ercot.com](mailto:nitika.mago@ercot.com) |
| Company | ERCOT |
| Phone Number | 512-248-6601 |
| Cell Number |  |
| Market Segment | Not applicable |

|  |  |
| --- | --- |
| **Market Rules Staff Contact** | |
| **Name** | Cory Phillips |
| **E-Mail Address** | [cory.phillips@ercot.com](mailto:cory.phillips@ercot.com) |
| **Phone Number** | 512-248-6464 |

|  |  |
| --- | --- |
| **Comments Received** | |
| Comment Author | **Comment Summary** |
| Joint Consumers 040424 | Opposed Urgent status for NPRR1224 and requested additional backcast analysis of 2023 under NPRR1224 from the IMM and ERCOT in the near term, and a comprehensive review of the ECRS methodology in the longer term |
| TCPA 042024 | Proposed additional revisions, including the addition of a price floor and raising the trigger from 30 MW to 40 MW |
| TCPA 043024 | Proposed additional revisions on top of the 4/20/24 TCPA comments based on feedback received |
| IMM 051524 | Expressed concerns with the PRS-recommended version of NPRR1224 and argued against an offer price floor for ECRS |
| IMM 051724 | Provided additional revisions to eliminate the proposed offer price floor |
| Joint Commenters 052024 | Responded to the 5/15/24 IMM comments and 5/17/24 IMM comments to identify wo fundamental differences between the 5/9/22 PRS recommendation and the IMM approach, first as whether price reversal is appropriate when Ancillary Service reserves are released for energy, and second as how to reflect the value of foregone Ancillary Service reserves |
| IMM 060424 | Provided additional revisions to the 5/22/24 TAC Report lowering the offer price floor to $100 and lowering the trigger to 5 MW |
| Aspire Power Ventures 060624 | Expressed concerns with the TAC-recommended version of NPRR1224 which includes the $750 offer price floor and suggested that if an offer price floor is included, it should be somewhere between $25 and $250 |
| Joint Consumers 061024 | Expressed concerns with the TAC-recommended offer price floor of $750 and suggested that an offer price floor of $100 would be more appropriate |
| Joint Commenters 061024 | Provided supporting analysis and expressed support for the TAC-recommended version of NPRR1224 |
| IMM 061224 | Responded to issues raised within the 6/10/24 Joint Commenters comments |
| ERCOT 061524 | Provided a list of the ECRS deployments that have occurred since ECRS was implemented in June 2023 through May 2024 |

|  |
| --- |
| **Market Rules Notes** |

Please note the following NPRR(s) also propose revisions to the following section(s):

* NPRR1188, Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources
  + Section 6.5.7.3

|  |
| --- |
| Proposed Protocol Language Revision |

**6.4.4.3 Energy Offer Curve for On-Line ERCOT Contingency Reserve Capacity**

(1) The following applies to Generation Resources that a QSE assigns ERCOT Contingency Reserve Service (ECRS) Ancillary Service Resource Responsibility in its COP to meet the QSE’s Ancillary Service Supply Responsibility for ECRS and applies to On-Line ECRS assignments arising as the result of Day-Ahead Market (DAM) or Supplemental Ancillary Services Market (SASM) Ancillary Service awards, or Self-Arranged Ancillary Service Quantity.

(a) Prior to the end of the Adjustment Period for an Operating Hour during which a Generation Resource is assigned On-Line ECRS Ancillary Service Resource Responsibility, the QSE shall ensure that a valid Output Schedule or Energy Offer Curve for the Operating Hour has been submitted and accepted by ERCOT. The Energy Offer Curves submitted by the QSE for the capacity assigned to ECRS may not be offered at less than $750 per MWh.

|  |
| --- |
| ***[NPRR1058: Replace paragraph (a) above with the following upon system implementation:]***  (a) For an Operating Hour during which a Generation Resource is assigned On-Line ECRS Ancillary Service Resource Responsibility, the QSE shall ensure that a valid Output Schedule or Energy Offer Curve for the Operating Hour has been submitted and accepted by ERCOT. The Energy Offer Curves submitted by the QSE for the capacity assigned to ECRS may not be offered at less than $750 per MWh. |

(b) Prior to the end of the Adjustment Period for an Operating Hour during which a Controllable Load Resource is assigned ECRS Ancillary Service Resource Responsibility, the QSE shall ensure that an Energy Bid Curve for the Operating Hour has been submitted and accepted by ERCOT. The Energy Bid Curve submitted by the QSE for the capacity assigned to ECRS may not be less than $750 per MWh.

|  |
| --- |
| ***[NPRR1058: Replace paragraph (b) above with the following upon system implementation:]***  (b) For an Operating Hour during which a Controllable Load Resource is assigned ECRS Ancillary Service Resource Responsibility, the QSE shall ensure that an Energy Bid Curve for the Operating Hour has been submitted and accepted by ERCOT. The Energy Bid Curve submitted by the QSE for the capacity assigned to ECRS may not be less than $750 per MWh. |

(c) If the QSE also assigns Responsive Reserve (RRS) and/or Regulation Up Service (Reg-Up) to a Generation Resource that has been assigned ECRS, the QSE shall ensure that a valid Output Schedule or Energy Offer Curve for the Operating Hour has been submitted and accepted by ERCOT. The Energy Offer Curves submitted by the QSE for the capacity assigned to the sum of the RRS, ECRS, and Reg-Up, as well as any Non-Frequency Responsive Capacity (NFRC) that is above the Resource’s High Ancillary Service Limit (HASL) and will not be utilized prior to deployment of a Resource’s ECRS, may not be offered at less than $750 per MWh.

(d) If the QSE also assigns RRS, and/or Reg-Up to a Controllable Load Resource that has been assigned ECRS, the QSE shall ensure that a valid Energy Bid Curve for the Operating Hour has been submitted and accepted by ERCOT. The Energy Bid Curves submitted by the QSE for the capacity assigned to the sum of the RRS, ECRS and Reg-Up Ancillary Service Resource Responsibilities may not be less than $750 per MWh.

|  |
| --- |
| ***[NPRR1010: Delete Section 6.4.4.3 above upon system implementation of the Real-Time Co-Optimization (RTC) project.]*** |

**6.5.7.3 Security Constrained Economic Dispatch**

(1) The SCED process is designed to simultaneously manage energy, the system power balance and network congestion through Resource Base Points and calculation of LMPs every five minutes. The SCED process uses a two-step methodology that applies mitigation prospectively to resolve Non-Competitive Constraints for the current Operating Hour. The SCED process evaluates Energy Offer Curves, Output Schedules and Real-Time Market (RTM) Energy Bids to determine Resource Dispatch Instructions by maximizing bid-based revenues minus offer-based costs, subject to power balance and network constraints. The SCED process uses the Resource Status provided by SCADA telemetry under Section 6.5.5.2, Operational Data Requirements, and validated by the Real-Time Sequence, instead of the Resource Status provided by the COP.

(2) The SCED solution must monitor cumulative deployment of Regulation Services and ensure that Regulation Services deployment is minimized over time.

(3) In the Generation To Be Dispatched (GTBD) determined by LFC, ERCOT shall subtract the sum of the telemetered net real power consumption from all Controllable Load Resources available to SCED.

(4) For use as SCED inputs, ERCOT shall use the available capacity of all committed Generation Resources by creating proxy Energy Offer Curves for certain Resources as follows:

(a) Non-IRRs and Dynamically Scheduled Resources (DSRs) without Energy Offer Curves

(i) ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below for:

(A) Each non-IRR for which its QSE has submitted an Output Schedule instead of an Energy Offer Curve; and

(B) Each DSR that has not submitted incremental and decremental Energy Offer Curves.

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL | SWCAP |
| Output Schedule MW plus 1 MW | SWCAP minus $0.01 |
| Output Schedule MW | -$249.99 |
| LSL | -$250.00 |

(b) DSRs with Energy Offer Curves

(i) For each DSR that has submitted incremental and decremental Energy Offer Curves, ERCOT shall create a monotonically increasing proxy Energy Offer Curve. That curve must consist of the incremental Energy Offer Curve that reflects the available capacity above the Resource’s Output Schedule to its HSL and the decremental Energy Offer Curve that reflects the available capacity below the Resource’s Output Schedule to the LSL. The curve must be created as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| Output Schedule MW plus 1 MW to HSL | Incremental Energy Offer Curve |
| LSL to Output Schedule MW | Decremental Energy Offer Curve |

(c) Non-IRRs without full-range Energy Offer Curves

(i) For each non-IRR for which its QSE has submitted an Energy Offer Curve that does not cover the full range of the Resource’s available capacity, ERCOT shall create a proxy Energy Offer Curve that extends the submitted Energy Offer Curve to use the entire available capacity of the Resource above the highest point on the Energy Offer Curve to the Resource’s HSL and the offer floor from the lowest point on the Energy Offer Curve to its LSL, using these points:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in submitted Energy Offer Curve) | Price associated with highest MW in submitted Energy Offer Curve |
| Energy Offer Curve | Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |

(d) IRRs

(i) For each IRR that has not submitted an Energy Offer Curve, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL | $1,500 |
| HSL minus 1 MW | -$249.99 |
| LSL | -$250.00 |

(ii) For each IRR for which its QSE has submitted an Energy Offer Curve that does not cover the full range of the IRR’s available capacity, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in submitted Energy Offer Curve) | Price associated with the highest MW in submitted Energy Offer Curve |
| Energy Offer Curve | Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |

(e) RUC-committed Resources

(i) For each RUC-committed Resource that has not submitted an Energy Offer Curve, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL | $250 |
| Zero | $250 |

(ii) For each RUC-committed Resource that has submitted an Energy Offer Curve, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in Energy Offer Curve) | Greater of $250 or price associated with the highest MW in QSE submitted Energy Offer Curve |
| Energy Offer Curve | Greater of $250 or the QSE submitted Energy Offer Curve |
| Zero | Greater of $250 or the first price point of the QSE submitted Energy Offer Curve |

(iii) For each Combined Cycle Generation Resource that was RUC-committed from one On-Line configuration in order to transition to a different configuration with additional capacity, as instructed by ERCOT, that has not submitted an Energy Offer Curve for the RUC-committed configuration, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL of RUC-committed configuration | $250 |
| Zero | $250 |

(iv) For each Combined Cycle Generation Resource that was RUC-committed from one On-Line configuration in order to transition to a different configuration with additional capacity, as instructed by ERCOT, that has submitted an Energy Offer Curve for the RUC-committed configuration, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL of RUC-committed configuration (if more than highest MW in Energy Offer Curve) | Greater of $250 or price associated with the highest MW in QSE submitted Energy Offer Curve |
| Energy Offer Curve for MW at and above HSL of QSE-committed configuration | Greater of $250 or the QSE submitted Energy Offer Curve |
| HSL of QSE-committed configuration (if more than highest MW in Energy Offer Curve and price associated with highest MW in Energy Offer Curve is less than $250) | $250 |
| HSL of QSE-committed configuration (if more than highest MW in Energy Offer Curve) | Price associated with the highest MW in QSE submitted Energy Offer Curve |
| Energy Offer Curve for MW at and below HSL of QSE-committed configuration | The QSE submitted Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |



(5) The Entity with decision making authority, as more fully described in Section 3.19.1, Constraint Competitiveness Test Definitions, over how a Resource or Split Generation Resource is offered or scheduled, shall be responsible for all offers associated with each Resource, including offers represented by a proxy Energy Offer Curve.

(6) For a Controllable Load Resource whose QSE has submitted an RTM Energy Bid that does not cover the full range of the Resource’s available Demand response capability, consistent with the Controllable Load Resource’s telemetered quantities, ERCOT shall create a proxy energy bid as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| LPC to MPC minus maximum MW of RTM Energy Bid | Price associated with the lowest MW in submitted RTM Energy Bid curve |
| MPC minus maximum MW of RTM Energy Bid to MPC | RTM Energy Bid curve |
| MPC | Right-most point (lowest price) on RTM Energy Bid curve |

(7) ERCOT shall ensure that any RTM Energy Bid is monotonically non-increasing. The QSE representing the Controllable Load Resource shall be responsible for all RTM Energy Bids, including bids updated by ERCOT as described above.

(8) If a Controllable Load Resource telemeters a status of OUTL, it is not considered as dispatchable capacity by SCED. A QSE may use this function to inform ERCOT of instances when the Controllable Load Resource is unable to follow SCED Dispatch Instructions. Under all telemetered statuses including OUTL, the remaining telemetry quantities submitted by the QSE shall represent the operating conditions of the Controllable Load Resource that can be verified by ERCOT. A QSE representing a Controllable Load Resource with a telemetered status of OUTL is still obligated to provide any applicable Ancillary Service Resource Responsibilities previously awarded to that Controllable Load Resource. This paragraph does not apply to ESRs.

(9) Energy Offer Curves that were constructed in whole or in part with proxy Energy Offer Curves shall be so marked in all ERCOT postings or references to the energy offer.

(10) The two-step SCED methodology referenced in paragraph (1) above is:

(a) The first step is to execute the SCED process to determine Reference LMPs. In this step, ERCOT executes SCED using the full Network Operations Model while only observing limits of Competitive Constraints. Energy Offer Curves for all On-Line Generation Resources and RTM Energy Bids from available Controllable Load Resources, whether submitted by QSEs or created by ERCOT under this Section, are used in the SCED to determine “Reference LMPs.”

(b) The second step is to execute the SCED process to produce Base Points, Shadow Prices, and LMPs, subject to security constraints (including Competitive and Non-Competitive Constraints) and other Resource constraints. The second step must:

(i) Use Energy Offer Curves for all On-Line Generation Resources, whether submitted by QSEs or created by ERCOT. Each Energy Offer Curve must be bounded at the lesser of the Reference LMP (from Step 1) or the appropriate Mitigated Offer Floor. In addition, each Energy Offer Curve subject to mitigation under the criteria described in Section 3.19.4, Security-Constrained Economic Dispatch Constraint Competitiveness Test, must be capped at the greater of the Reference LMP (from Step 1) at the Resource Node plus a variable not to exceed 0.01 multiplied by the value of the Resource’s Mitigated Offer Cap (MOC) curve at the LSL or the appropriate MOC;

(ii) Use RTM Energy Bid curves for all available Controllable Load Resources, whether submitted by QSEs or created by ERCOT. There is no mitigation of RTM Energy Bids. An RTM Energy Bid from a Controllable Load Resource represents the bid for energy distributed across all nodes in the Load Zone in which the Controllable Load Resource is located. For an ESR, an RTM Energy Bid represents a bid for energy at the ESR’s Resource Node; and

(iii) Observe all Competitive and Non-Competitive Constraints.

(c) ERCOT shall archive information and provide monthly summaries of security violations and any binding transmission constraints identified in Step 2 of the SCED process. The summary must describe the limiting element (or identified operator-entered constraint with operator’s comments describing the reason and the Resource-specific impacts for any manual overrides). ERCOT shall provide the summary to Market Participants on the MIS Secure Area and to the Independent Market Monitor (IMM).

(11) For each SCED process, in addition to the binding Base Points and LMPs, ERCOT shall calculate a non-binding projection of the Base Points and Resource Node LMPs, Real-Time Reliability Deployment Price Adders, Real-Time On-Line Reserve Price Adders, Real-Time Off-Line Reserve Price Adders, Hub LMPs and Load Zone LMPs at a frequency of every five minutes for at least 15 minutes into the future based on the same inputs to the SCED process as described in this Section, except that the Resource’s HDL and LDL and the total generation requirement will be as estimated at future intervals. The Resource’s HDL and LDL will be calculated for each interval of the projection based on the ramp rate capability over the study period. ERCOT shall estimate the projected total generation requirement by calculating a Load forecast for the study period. In lieu of the steps described in Section 6.5.7.3.1, Determination of Real-Time On-Line Reliability Deployment Price Adder, the non-binding projection of Real-Time Reliability Deployment Price Adders shall be estimated based on GTBD, reliability deployments MWs, and aggregated offers. The Energy Offer Curve from SCED Step 2, the virtual offers for Load Resources deployed and the power balance penalty curve will be compared against the updated GTBD to get an estimate of the System Lambda from paragraph (2)(m) of Section 6.5.7.3.1. ERCOT shall post the projected non-binding Base Points for each Resource for each interval study period on the MIS Certified Area and the projected non-binding LMPs for Resource Nodes, Real-Time Reliability Deployment Price Adders, Real-Time On-Line Reserve Price Adders, Real-Time Off-Line Reserve Price Adders, Hub LMPs and Load Zone LMPs on the ERCOT website pursuant to Section 6.3.2, Activities for Real-Time Operations.

(12) For each SCED process, ERCOT shall calculate a Real-Time On-Line Reserve Price Adder and a Real-Time Off-Line Reserve Price Adder based on the On-Line and Off-Line available reserves in the ERCOT System and the Operating Reserve Demand Curve (ORDC). The Real-Time Off-Line available reserves shall be administratively set to zero when the SCED snapshot of the Physical Responsive Capability (PRC) is equal to or below the PRC MW at which Energy Emergency Alert (EEA) Level 1 is initiated. In addition, for each SCED process, ERCOT shall calculate a Real-Time On-Line Reliability Deployment Price Adder. The sum of the Real-Time Reliability Deployment Price Adder and the Real-Time On-Line Reserve Price Adder shall be averaged over the 15-minute Settlement Interval and added to the Real-Time LMPs to determine the Real-Time Settlement Point Prices. The price after the addition of the sum of the Real-Time On-Line Reliability Deployment Price Adder and the Real-Time On-Line Reserve Price Adder to LMPs approximates the pricing outcome of the impact to energy prices from reliability deployments and the Real-Time energy and Ancillary Service co-optimization since the Real-Time On-Line Reserve Price Adder captures the value of the opportunity cost of reserves based on the defined ORDC. An Ancillary Service imbalance Settlement shall be performed pursuant to Section 6.7.5, Real-Time Ancillary Service Imbalance Payment or Charge, to make Resources indifferent to the utilization of their capacity for energy or Ancillary Service reserves.

(13) ERCOT shall determine the methodology for implementing the ORDC to calculate the Real-Time On-Line Reserve Price Adder and Real-Time Off-Line Reserve Price Adder. Following review by TAC, the ERCOT Board shall review the recommendation and approve a final methodology. Within two Business Days following approval by the ERCOT Board, ERCOT shall post the methodology on the ERCOT website.

(14) At the end of each season, ERCOT shall determine the ORDC for the same season in the upcoming year, based on historic data using the ERCOT Board-approved methodology for implementing the ORDC. Annually, ERCOT shall verify that the ORDC is adequately representative of the loss of Load probability for varying levels of reserves. Twenty days after the end of the Season, ERCOT shall post the ORDC for the same season of the upcoming year on the ERCOT website.

(15) ERCOT may override one or more of a Controllable Load Resource’s parameters in SCED if ERCOT determines that the Controllable Load Resource’s participation is having an adverse impact on the reliability of the ERCOT System.

(16) The QSE representing an ESR, in order to charge the ESR, must submit RTM Energy Bids, and the ESR may withdraw energy from the ERCOT System only when dispatched by SCED to do so. An ESR may telemeter a status of OUTL only if the ESR is in Outage status.

**6.5.7.6.2.4 Deployment and Recall of ERCOT Contingency Reserve Service**

(1) ECRS is intended to:

(a) Help restore the frequency to 60 Hz within ten minutes of a significant frequency deviation;

(b) Provide energy to avoid, or during the implementation of, an EEA;

(c) Provide backup to Reg-Up; and

(d) Provide energy upon detection of insufficient available capacity for net load ramps.

(2) ERCOT shall deploy ECRS to meet NERC Standards and other performance criteria as specified in these Protocols and the Operating Guides by taking one or more of the following actions:

(a) Automatic Dispatch Instruction signal to release ECRS capacity from Generation Resources and Controllable Load Resources to SCED; and/or

(b) Dispatch Instruction for deployment of energy from Load Resources via electronic Messaging System.

(3) ERCOT shall release ECRS from Generation Resources and Controllable Load Resources to SCED when frequency drops below 59.91 Hz and available Reg-Up is not sufficient to restore frequency. Upon deployment of Off-Line ECRS from a QSGR providing ECRS, the Resource’s Ancillary Service Schedule for ECRS must be adjusted for the ERCOT instructed ECRS deployment and the Resource’s status must be set to OFFQS to be available for dispatch by SCED. Once recalled QSGRs providing ECRS must follow the decommitment process outlined in Section 3.8.3.1, Quick Start Generation Resource Decommitment Decision Process.

(4) Energy from Resources providing ECRS may also be manually deployed by ERCOT pursuant to Section 6.5.9, Emergency Operations.

(5) ERCOT may manually release up to 500 MW of ECRS capacity from SCED-dispatchable Resources when the power balance constraint is violated and the MW amount of power balance constraint violation is at or above 40 MW for at least ten consecutive minutes. Following such an ECRS release, if the power balance constraint violation remains at or above 40 MW, ERCOT may release additional MW of ECRS from SCED-dispatchable Resources. When manually releasing SCED-dispatchable ECRS, ERCOT may preserve some SCED-dispatchable ECRS to ensure that ERCOT has sufficient capacity that can respond and help recover frequency within the parameters required by NERC Reliability Standards. However, if the power balance constraint violation remains at or above 40 MW, ERCOT will continue to release ECRS in small blocks.

(6) ERCOT shall use SCED and Non-Spin as soon as practicable to recover ECRS reserves.

(7) Following an ECRS deployment to SCED-dispatchable Resources, the QSE’s obligation to deliver ECRS remains in effect until ERCOT issues a recall instruction or its ECRS obligation expires, whichever occurs first. Following an ECRS deployment to Load Resources, excluding Controllable Load Resources, or Resources operating in synchronous condenser fast-response mode, the QSE’s obligation to deliver ECRS remains in effect until ERCOT issues a recall instruction.

(8) Following a deployment or recall Dispatch Instruction of ECRS, a QSE shall adjust the telemetered ECRS Ancillary Service Schedule for the Resource providing the service and ERCOT shall adjust the HASL based on the QSE’s telemetered Ancillary Service Schedule for ECRS, as described in Section 6.5.7.2, Resource Limit Calculator, to account for such deployment.

(9) For Generation Resources and Controllable Load Resources providing ECRS, Base Points include ECRS energy as well as any other energy dispatched by SCED. A Resource must be able to be fully dispatched by SCED to its ECRS Ancillary Service Resource Responsibility within the ten-minute time frame according to its telemetered Emergency Ramp Rate.

(10) Each QSE providing ECRS shall meet the deployment performance requirements specified in Section 8.1.1.4.2, Responsive Reserve Energy Deployment Criteria.

(11) ERCOT shall issue instructions to release ECRS capacity provided from Generation Resources and Controllable Load Resources to SCED over ICCP and shall issue deployment instructions for Load Resources providing ECRS via XML. Such instructions shall contain the MW requested.

(12) To the extent that ERCOT deploys a Load Resource that is not a Controllable Load Resource and that has chosen a block deployment option, ERCOT shall either deploy the entire Ancillary Service Resource Responsibility or, if only partial deployment is possible, skip the Load Resource with the block deployment option and proceed to deploy the next available Resource.

(13) ERCOT shall recall automatically deployed ECRS capacity once system frequency recovers above 59.97 Hz.

(14) ERCOT shall recall ECRS deployment provided from a Load Resource that is not a Controllable Load Resource once PRC is above a pre-defined threshold, as described in the Operating Guides.

(15) ERCOT may recall manually released ECRS capacity from SCED-dispatchable Resources when the triggering condition in paragraph (5) has ended and the ERCOT System is operating with a steady-state frequency above 59.97 Hz.

|  |
| --- |
| ***[NPRR1010: Replace Section 6.5.7.6.2.4 above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***  **6.5.7.6.2.4Deployment and Recall of ERCOT Contingency Reserve Service**  (1) ECRS is intended to:  (a) Help restore the frequency to 60 Hz within ten minutes of a significant frequency deviation;  (b) Provide energy to avoid, or during the implementation of, an EEA;  (c) Provide backup to Reg-Up; and  (d) Provide energy upon detection of insufficient available capacity for net load ramps.  (2) ERCOT shall deploy ECRS to meet NERC Standards and other performance criteria as specified in these Protocols and the Operating Guides by taking one or more of the following actions:  (a) ERCOT shall issue ECRS deployment Dispatch Instructions, specifying the required MW output, over ICCP for Resources awarded ECRS with a Resource Status of ONSC.  (b) Dispatch Instruction for deployment of energy from Load Resources via electronic Messaging System.  (3) Energy from Resources providing ECRS may also be manually deployed by ERCOT pursuant to Section 6.5.9, Emergency Operations.  (4) ERCOT shall use SCED and Non-Spin as soon as practicable to recover ECRS reserves.  (5) Following a manual ECRS deployment to Load Resources, excluding Controllable Load Resources, or Resources telemetering a Resource Status of ONSC, the QSE’s obligation to deliver ECRS remains in effect until ERCOT issues a recall instruction.  (6) For Generation Resources and Controllable Load Resources providing ECRS, Base Points include ECRS energy as well as any other energy dispatched by SCED. A Resource must be able to be fully dispatched by SCED to its ECRS Ancillary Service award within the ten-minute time frame according to its telemetered ramp rate that reflects the Resource’s capability of providing ECRS.  (7) Each Resource providing ECRS shall meet the deployment performance requirements specified in Section 8.1.1.4.2, Responsive Reserve Energy Deployment Criteria.  (8) ERCOT shall issue deployment instructions for Load Resources providing ECRS via XML. Such instructions shall contain the MW requested.  (9) To the extent that ERCOT deploys a Load Resource that is not a Controllable Load Resource and that has chosen a block deployment option, ERCOT shall either deploy the entire Ancillary Service award or, if only partial deployment is possible, skip the Load Resource with the block deployment option and proceed to deploy the next available Resource.  (10) ERCOT shall recall deployed ECRS capacity provided from Resource telemetering Resource Status of ONSC once system frequency recovers above 59.98 Hz.  (11) ERCOT shall recall ECRS deployment provided from a Load Resource that is not a Controllable Load Resource once PRC is above a pre-defined threshold, as described in the Operating Guides. |