Electric Reliability Council of Texas, Inc. (ERCOT)

Request for Proposal

For

Must-Run Alternatives to the

Life Cycle Power Mobile Generation Solution and

Braunig Units 1 & 2

Version 1.0

Date of Release: December 20, 2024

Proposal Deadline: January 15, 2025

Revision History

Date	Author	Version	Change reference
12/20/24	ERCOT	1.0	Initial Version

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GENERAL INFORMATION

1.1 RFP Objective

After receiving Notifications of Suspension of Operations (NSOs) from CPS Energy in March 2024 regarding the planned retirement of the three Braunig Generation Resources (BRAUNIG_VHB 1, BRAUNIG_VHB2, and BRAUNIG_VHB3), Electric Reliability Council of Texas, Inc. (ERCOT) issued a Request for Proposal (RFP) in July 2024 under ERCOT Protocols § 3.14.1.2(6) seeking proposals from Qualified Scheduling Entities (QSE) for one or more Must-Run Alternative (MRA) Resources that would provide a more cost-effective alternative to the provision of Reliability Must Run (RMR) service by one or more of the Braunig Resources. ERCOT did not receive any qualified proposals in response to that RFP.

On December 3, 2024, the ERCOT Board of Directors voted to approve an RMR Agreement for BRAUNIG_VHB3 and to defer a decision on whether to RMR the remaining two Braunig Resources (BRAUNIG_VHB 1 and BRAUNIG_VHB2, hereinafter, "Units 1 and 2") until early 2025.

Because ERCOT System performance remains materially impacted by the retirement of Units 1 and 2, ERCOT began to explore solutions to compensate for the retirement of these units. Under Public Utility Regulatory Act (PURA) § 39.151(a)(2) and 16 Texas Administrative Code § 25.361(b)(4), ERCOT has been charged by the PUC to "ensure the reliability and adequacy of the regional electrical network." Pursuant to this broad authority, ERCOT has begun discussions with CenterPoint Energy Houston Electric, LLC (CenterPoint), CPS Energy, and Prime Power Solutions, LLC, dba Life Cycle Power (Life Cycle), to explore the idea of temporarily using 15 mobile generators that CenterPoint is currently leasing from Life Cycle as an alternative to committing Braunig Units 1 and 2 through an RMR agreement. These 15 units range from 27.5 to 32.6 MW winter capacity each. Subject to negotiation of definitive agreements, CenterPoint has expressed to ERCOT that, to support the needs of the state, it will forgo its right to use the Life Cycle mobile generators through the earlier of the completion of the Tier 1 San Antonio South Reliability Project described in Section 2.1 of this RFP or the implementation of an appropriate exit solution and allow ERCOT to contract with Life Cycle for the use of the mobile generators during this period without providing CenterPoint any compensation for such use. Both ERCOT and CenterPoint currently expect that this period will be no longer than approximately two years. ERCOT is currently engaged in discussions with Life Cycle regarding a contract under which Life Cycle would move its mobile generators to the San Antonio area and make them available for ERCOT's dispatch when necessary to address an actual or anticipated Emergency Condition. In exchange for that commitment, Life Cycle would recover its costs of moving, installing, and operating the assets, in addition to receiving an appropriate incentive for undertaking this arrangement. The costs recovered under the contract would also include costs incurred

by CPS Energy, such as costs of interconnecting the units and providing QSE services. This potential solution is referred to hereinafter as the “Life Cycle Power Mobile Generation Solution” (LCPMGS). In the interest of time, development of this potential solution is being undertaken simultaneously with issuing this RFP.

Under the LCPMGS, the 15 mobile generating units would be placed at various CPS Energy distribution substations and connected at distribution voltage levels. Nine CPS Energy substations are tentatively being discussed. These substations are all within an 11-mile radius of downtown San Antonio and have an average helping shift factor of roughly 9.3 %.

As currently contemplated, the Life Cycle units would be available 24 hours a day, seven days a week and have the capability to remote start and achieve their High Sustained Limit within 10 minutes after receiving notification from ERCOT. These units would be able to be available for and capable of an unlimited number of deployments that can last for an indefinite period of time during the April 1, 2025, through March 31, 2027, time period. These units would also be registered with ERCOT as Distributed Generation Resources and be required to submit Energy Offer Curves at the System Wide Offer Cap for any period in which the Generation Resources are committed by ERCOT. These units would be under contract for up to two years by ERCOT and could be installed as early as April 2025, allowing the reliability risk from the retirement of Braunig Units 1 and 2 to be mitigated before Summer 2025. Finally, these units are all relatively new or refurbished resources that are expected to have a lower Forced Outage Rate than the older Braunig Units.

During the RMR review process for the Braunig Resources, ERCOT conducted 8,760-hour analyses for both 2025 and 2026, using its production cost simulation tool to determine when system-wide Load shed was projected to occur if all three of the Braunig units retired. One of the analyses completed in that process was to estimate the system-wide Load shed if only Units 1 and 2 were retired. That study found that for 2025 and 2026, the estimated cost of the ERCOT-wide Load shed projected to occur would be about $72 million if Units 1 and 2 retired. Further, it was estimated that the cost to RMR Units 1 and 2 for 2025 and 2026 is about $56 million total. Those two units have a combined summer maximum capacity rating of 392 MW and are estimated to reduce the ERCOT-Wide Load Shed quantity by a total of 2.07 GWh over 2025 and 2026.

This RFP is seeking more cost-effective alternatives to contracting for the LCPMGS or committing Units 1 & 2 through an RMR agreement. Because ERCOT is seeking to obtain a solution to replace generators that would be available 24 hours a day, seven days a week, any MRA proposal submitted under this RFP

must be able to provide the full amount of the awarded capacity for as long as ERCOT instructs the Resource to operate, and at any time, 24 hours a day, seven days a week. Otherwise, such proposals may, but are not required, to have some or all of these desired characteristics and operating parameters that are anticipated to be associated with the LCPMGS:

- Quick start capacity available for a period of two or more years;
- Able to be remotely started in 10 minutes;
- No minimum up time and no minimum down time;
- Indefinite run time;
- Located at locations with better shift factors than the Braunig site;
- No exceedance of emissions and noise level limitations;
- High availability (relatively new resources that are distributed and with no single points of failure);
- High flexibility;
- Cost certainty; and
- Can be interconnected and operational before the summer of 2025.

Proposed alternatives to either the LCPMGS or committing Units 1 and 2 through an RMR agreement may provide some or all of the above attributes and may have a different set of benefits than those options. The costs, benefits, and risks of each proposal will be evaluated and compared to the costs, benefits, and risks of other proposals, the LCPMGS, and committing Units 1 and 2 through an RMR agreement.

Among other generation and Demand Response solutions that may be offered under this RFP, ERCOT is explicitly soliciting alternative proposals to provide mobile generation in a manner similar to the LCPMGS. CPS Energy has expressed a willingness to make its substations available to certain qualified generators on a temporary basis for the limited purpose of addressing the forecasted Emergency Conditions that the Braunig Units would be needed to address. This limited allowance should in no way be understood to suggest that generation would be allowed to be sited at CPS Energy's distribution substations for any other purpose.

Note that the proposed standby cost for any proposed mobile generation solution will likely need to include costs for the following:

- Costs of relocating the generators;
- Cost to interconnect the generators: (studies, deposits under interconnection agreements, service applications, lease of land, charges under DSP tariffs);
- Metering costs;

- Cost of field labor to accommodate unlimited deployment 24 hours a day, seven days a week, for two years; and
- QSE servicing costs, including costs associated with telemetry set-up, provision of telemetry on an ongoing basis, Current Operating Plan (COP) submittals, Energy Offer Curve submittals, and settlement services.

ERCOT will calculate a payment for fuel costs for mobile generators registered as Generation Resources and providing MRA service using an MRA Variable Payment for Deployment which is a separate payment from the MRA Standby Payment. The MRA Variable Payment for Deployment is based on the MWhs generated by the resource and various parameters provided in the MRA Offer Submission Form (such as a Variable Price, Proxy Heat Rate, Contractual Estimated Fuel Adder and index price based on fuel type (FIP or FOP)).

Responses to the RFP for one or more mobile generators should consider the following:

- Sites for mobile generators may be located in any location with an appropriate shift factor, after consultation with and approval by the appropriate TDSPs.
- Each of the CPS Energy substation locations under consideration with the LCPMGS can accommodate a maximum capacity of at least 30MW and may be made available to other mobile generator MRAs that can meet certain conditions on interconnection established by CPS Energy. Additional information on these substations can be shared upon submitting a Statement of Intent and signing a non-disclosure agreement (NDA) with CPS Energy.
- Some of the CPS Energy substation sites may have limitations on space and noise levels .
- MRA mobile generation proposals will need to consider applicable emissions restrictions and permitting requirements.
- MRA mobile generation proposals should not assume that natural gas will be available at these sites.

MRA RFP proposals must be submitted by a QSE and the QSE must meet all registration and qualification criteria in ERCOT Protocols Section 16.2, *Registration and Qualification of Qualified Scheduling Entities*, at the time of proposal submission deadline. ERCOT will execute an MRA Agreement only with an Entity that is a QSE.

ERCOT may award one or more MRA proposals, in any combination, if each such MRA would resolve some part or all of the reliability conditions that Braunig Units 1 & 2 would address and would provide such

benefit in a more cost-effective manner than either the LCPMGS or an RMR Agreement committing Braunig Units 1 & 2. If an MRA is not more cost-effective than the LCPMGS, and ERCOT enters into a contract for all of the LCPMGS mobile generating units, then ERCOT may still award any one or more MRA proposals that would resolve the reliability risk associated with the retirement of Braunig Units 1 & 2 that remains after accounting for the reliability impact of the LCPMGS if the MRA addresses that risk more cost-effectively than committing Units 1 & 2 through an RMR Agreement. ERCOT also may award one or more MRA proposals in combination with the provision of service by one or all of the Life Cycle Power mobile units or either of Units 1 & 2, if the solution addresses ERCOT System performance issues more effectively than committing Units 1 & 2, as described in more detail in Section 2.1 below. If multiple MRA Agreements are executed, all accepted proposals will be paid as offered; there will not be a clearing price mechanism. The deadline for RFP proposals is as shown in the Procurement Timeline in Section 1.7.

1.2 ERCOT Background

ERCOT manages the flow of electric power to more than 27 million Texas customers, representing approximately 90 percent of the state's electric load. As the Independent System Operator for the region, ERCOT schedules power on an electric grid that connects more than 54,100 miles of transmission lines and 1,250 generation units, including Private Use Networks. ERCOT also performs financial settlement for the competitive wholesale bulk-power market and administers retail switching for approximately 8 million premises in competitive choice areas. ERCOT is a membership-based 501(c)(4) nonprofit corporation governed by a board of directors and subject to oversight by the PUC and the Texas Legislature. Its members include consumers, cooperatives, generators, power marketers, retail electric providers, investor-owned electric utilities, transmission and distribution providers, and municipally owned electric utilities. Additional information about ERCOT can be found at http://www.ercot.com/.

1.3 Braunig Resources Background

On March 13, 2024, ERCOT received Parts I and II of Notifications of Suspension of Operations (NSOs) from CPS Energy regarding the planned March 31, 2025 retirement of the following three Generation Resources (each shown with the unit's summer Seasonal Net Maximum Sustainable Ratings.)[1]

- BRAUNIG_VHB 1 (217 MW);
- BRAUNIG_VHB2 (230 MW); and
- BRAUNIG_VHB3 (412 MW).

[1] *See* ERCOT Protocols § 22 Attachment E, Notification of Suspension of Operations. The current version of the ERCOT Protocols may be accessed on ERCOT's website at http://www.ercot.com/mktrules/nprotocols/current.

Subsequently, on October 3, 2024, CPS Energy revised its NSO for BRAUNIG_VHB3 to an earlier proposed suspension date of March 2, 2025.

Under paragraph (1) of ERCOT Protocols § 3.14.1.2, ERCOT followed the processes for providing notice and opportunity for comment on the NSOs for the Braunig Resources.[2] As required under Public Utility Commission of Texas (PUC) rule 16 TAC § 25.502(e) and ERCOT Protocols § 3.14.1.2, ERCOT also timely conducted its reliability analysis of whether the Braunig Resources would be needed to support ERCOT System reliability.

On April 22, 2024, ERCOT issued a public Market Notice on the results of ERCOT's reliability analysis. The reliability analysis identified ERCOT System performance deficiencies that are materially impacted by the retirement of the Braunig Resources. In summary, without the Braunig Resources, there were:

- transmission facilities loaded above their normal rating under pre-contingency conditions for which the Braunig Resources had an unloading Shift Factor of more than 2% and an unloading impact of more than 5%,
- transmission facilities that were above 110% emergency loading for which the Braunig Resources had an unloading Shift Factor of more than 2% and an unloading impact of more than 5%, and
- cascading under studied conditions identified in paragraph (3)(c)(ii) of ERCOT Protocols § 3.14.1.2.

Based on these identified deficiencies, ERCOT determined that the Braunig Resources were needed to support ERCOT System reliability. In accordance with the ERCOT Protocols, ERCOT issued an RFP seeking Must-Run Alternatives to an RMR Agreement committing the Braunig Units. However, as noted above, there were no qualified proposals received in response to the RFP for these Resources. On December 3, 2024, the ERCOT Board of Directors voted to approve an RMR Agreement for BRAUNIG_VHB3 and to defer a decision regarding Units 1 and 2 until early 2025.

1.4 Legal Framework

ERCOT's procurement of any MRA is governed by this RFP. ERCOT's administration of the MRA service is governed by 16 TAC § 25.502(e), the ERCOT Protocols, this RFP, the MRA Governing Document, and the executed MRA Agreement between ERCOT and each awarded QSE. The form for the MRA Agreement is in ERCOT Nodal Protocols Section 22, Attachment N (the Standard Form Must-Run

[2] *See* ERCOT Market Notice, *M-C031324-01 Notifications of Suspension of Operations (NSOs) for CPS Energy (BRAUNIG_VHB1, BRAUNIG_VHB2, BRAUNIG_VHB3)*, March 13, 2024, available at https://www.ercot.com/services/comm/mkt_notices/M-C031324-01.

Alternative Agreement) and is provided as an attachment to this RFP. In the event of any conflict between these documents, 16 TAC § 25.502(e) shall control, followed by the ERCOT Protocols or any Other Binding Document, the MRA Governing Document, the MRA Agreement, and this RFP, in that order of priority.

1.5 Interpretation of Terms

In this RFP, capitalized terms are given the meaning assigned by the ERCOT Protocols, unless otherwise noted herein.

1.6 ERCOT Point of Contact

The sole point of contact for inquiries concerning this RFP and the MRA Governing Document is:

Jason Terrell
Manager, Procurement and Contract Administration
ERCOT
2705 West Lake Drive
Taylor, Texas 76574
jason.terrell@ercot.com

All communications relating to this RFP and its attachments, including the MRA Governing Document, must be directed in writing to the specified ERCOT contact person noted herein. An actual or prospective submitter shall not discuss with the ERCOT contact person any matter concerning this MRA RFP and its attachments before the proposal deadline, except as permitted through the question-and-answer process described below. Failure to comply with this section may result in ERCOT's disqualification of the QSE's proposal.

1.7 Procurement Timeline

Procurement Timeline[3]	
MRA RFP Release Date	Friday, December 20, 2024
Questions from QSEs on MRA RFP Due	Monday, Dec. 30, 2024 (3:00 PM CPT)
Questions Answered by ERCOT	Monday, Jan. 6, 2024
ERCOT Notice of Amendments to MRA RFP and Other Related Documents	Wednesday, Jan. 8, 2025
Mandatory Statements of Intent Due	Friday, Jan. 10, 2025 (3:00 PM CPT)
If no Statements of Intent are received by January 10, 2025, ERCOT reserves the right to cancel the RFP and suspend all remaining deadlines	
QSE MRA Proposals Due	Wednesday, Jan. 15, 2025 (3:00 PM CPT)
QSE Presentations and Answers (if requested by ERCOT)	Thursday, Jan. 16 – Monday, Jan. 20, 2025
MRA Agreement Negotiation	Thursday, Jan. 16 – Monday, Jan. 20, 2025
Deadline to Withdraw a Proposal	Any time prior to: Wednesday, Jan. 22, 2025
Consideration at ERCOT Board Meeting	Tuesday, Feb. 4, 2025
Contract Execution	As soon as feasible after Board approval[4]
Market Notice	Within 24 hours of signing agreement[5]

1.8 Questions and Comments Concerning this RFP and any Other Related Documents

QSEs shall submit any questions concerning this RFP and other related documents, including recommended changes to the standard form MRA Agreement, to the ERCOT contact person described above by **3:00 PM Central Prevailing Time (CPT) on Monday, December 30, 2024**. ERCOT will post written responses to all questions and comments by no later than Monday, January 6, 2025 on the ERCOT website at http://www.ercot.com/about/procurement/rfp/index.

1.9 Amendments to RFP

ERCOT reserves the right to amend this RFP and other related documents. ERCOT will provide notice of any amendments to this RFP and other related documents by no later than Wednesday, January 8, 2025

[3] ERCOT Board meeting date is not a deadline.

[4] ERCOT Protocols § 3.14.1.3(2).

[5] ERCOT Protocols § 3.14.1.2(8).

and post any such amendments on the ERCOT website at http://www.ercot.com/about/procurement/rfp/index.

1.10 Required Statements of Intent due by January 10, 2025

Any QSE interested in submitting a proposal in response to this RFP is **required** to provide the ERCOT contact person by no later than **3:00 PM Central Prevailing Time (CPT) on** Friday, January 10, 2025 with a statement that the QSE intends to submit a proposal. Such statements must be submitted via email and must provide an estimate of the amount of capacity (MW) that might be offered, the anticipated MRA Resource type, the anticipated MRA Service start and end dates, and the name of the QSE. Such statements create no obligation to submit a proposal in response to the RFP; **however, if no valid Statements of Intent are received by the January 10, 2025 3:00 PM deadline, ERCOT reserves the right to cancel the RFP, cancel all remaining RFP deadlines, and proceed with a recommendation to the ERCOT Board of Directors to enter into a contract for the LCPMGS or an RMR agreement for Braunig Units 1 and 2.**

Upon receiving a required Statement of Intent, ERCOT will perform an initial screening of proposals and, if necessary at that point, facilitate coordination with any TDSPs that would be impacted by the proposals. Receiving technical details regarding interconnection to a TDSP's facilities may require the MRA RFP QSE to sign an NDA with that TDSP. CPS may require a QSE that has submitted a Statement of Intent to provide such additional information as may be reasonably necessary for CPS to confirm that the submitter is inquiring about substation information in good faith.

1.11 RFP Cancellation/Non-Award

ERCOT reserves the right to cancel this RFP or to make no award pursuant to this RFP.

1.12 No Reimbursement for Costs of Proposals

ERCOT will not reimburse any entity for costs of developing a proposal in response to this RFP.

SCOPE AND REQUIREMENTS

2.1 Project Scope Overview

The purpose of this RFP is to solicit proposals for alternatives that are capable of providing an acceptable solution to the reliability concerns that would otherwise be solved by the provision of service by one or more of the Life Cycle Power mobile units or by Braunig Units 1 & 2. The service that would be provided by the Life Cycle Power mobile units or by Braunig Units 1 & 2 is primarily the reduction in pre-contingency and post-contingency loading during a simultaneous outage of a major transmission line and one or more large generation units in the constrained area on the 345-kV transmission lines that are subject to the South Texas Export Interconnection Reliability Operating Limits (IROLs).

ERCOT's planning studies indicate that completion of either the Tier 1 San Antonio South Reliability Project or the Tier 1 San Antonio South Reliability Project II will eliminate the need for the LCPMGS or RMR Agreements for Braunig Units 1 & 2. These projects, to be operated by CPS Energy and other Transmission Service Providers, include a new 50-mile, double-circuit 345-kV transmission line; rebuilds of existing single-circuit 345-kV transmission lines to become double-circuit 345-kV transmission lines; additions of other, new transmission facilities, such as a 138/345-kV station and autotransformers; and were endorsed by the ERCOT Board of Directors in August 2023 and April 2024, respectively. Those projects are not expected to be in service until June 2027 through May 2029. TDSPs have been asked to provide information about accelerating these projects that could resolve the reliability concerns that necessitate this RFP, which would therefore result in early termination of any MRA Agreement, as discussed below.

Each procured MRA Resource must be available to provide the power injection or Load reduction solution during each MRA Contracted Month, which must fall within the range of April 1, 2025 through March 31, 2027. Attachment C to this RFP contains a list of Shift Factors for Electrical Buses to the South Texas Export constraints, computed under N-1 + G-1 conditions, consistent with the RMR analysis originally performed by ERCOT for the *Request for Proposal for Must-Run Alternative to Braunig Reliability Must-Run Agreements* issued on August 21, 2024.

Since ERCOT operationally plans for an N-1 contingency outage, the detection by ERCOT's Day-Ahead Reliability Unit Commitment (DRUC) or Hourly RUC (HRUC) process will anticipate the presence of any two of the three conditions (Peak Load, G-1, and N-1). MRA Resource(s) with a start-up time (or Demand Response ramp period) of greater than 10 minutes will be committed in pre-contingency conditions; for

example, when two of the three conditions are in place. MRA Resources with a start-up time (or Demand Response ramp period) of 10 minutes or less will be dispatched in Real-Time upon the occurrence of all three conditions.

Each prospective MRA Resource will be evaluated by ERCOT based on offer price and the cumulative effectiveness in reducing post-contingency overloads in comparison to the effectiveness of the LCPMGS, as described in Section 4.2, Evaluation Criteria. Accordingly, the impact of a prospective MRA Resource to the South Texas Export constraints is an important factor in ERCOT's determination of a prospective MRA Resource's ability to contribute to an acceptable reliability alternative.

Therefore, ERCOT's intent is that any MRA Agreement will obligate the awarded QSE to make the awarded MRA Resource available to provide MRA Service during each MRA Contracted Month, for a time period beginning no earlier than April 1, 2025, and ending no later than March 31, 2027. However, ERCOT may consider proposals from QSEs with a service start date later than April 1, 2025, or a service end date of earlier than March 31, 2027, provided that any start date after April 1, 2025 must start on the first day of a given month and any end date before March 31, 2027 must end of the last day of a given month.

A QSE's proposal shall provide pricing for provision of the MRA, consistent with the MRA Offer Submission Forms attached to this RFP in Attachment B.

Consistent with the terms of the MRA Agreement, ERCOT retains an option to end the MRA Agreement with 30 days' notice if, in ERCOT's sole discretion, ERCOT determines that the Service provided by the MRA is no longer necessary.

2.2 Proposal Requirements

The following information is required in the QSE's proposal (Please provide responses to each item with the corresponding number for each requirement listed):

2.2.1. A detailed description of the methodology and approach to meeting the requirements of this RFP and other related documents. Such description should include (at a minimum) the following:

2.2.1.1. A description of the QSE's ability to deploy the proposed MRA Resource(s) to serve the needs of ERCOT as described in Section 2.1 (Project Scope Overview) above. The QSE must address all requirements set forth therein.

2.2.1.2. A description of the proposed MRA Resource(s), including the expected in-service date(s). All operational parameters (*see* the MRA Offer Submission Forms that are attached to this RFP as Attachments B, numbers 1-4) that are relevant to the availability of the MRA Resource(s) and ERCOT's ability to Dispatch the MRA Resource(s) must be specified, as well as any operational, contractual, and offer parameters that might affect the ultimate cost of any MRA Agreement.

2.2.1.3. Comprehensive information demonstrating the feasibility of the project development plan, including identification of and plan for obtaining all necessary permits, approvals and interconnections, and evidence of the ability of the QSE to obtain financing for the project.

2.2.1.4. Any additional information the QSE believes may assist ERCOT in its selection process.

2.2.2. QSEs must include a Gantt chart or project schedule for completing each set of deliverables, key milestones, or scope requirement described herein and in other related documents.

2.2.3. A QSE awarded an MRA Agreement must provide the name and contact information of at least one authorized representative who will have decision-making authority and will assume responsibility for coordination, control, and performance of the MRA's provision of service.

2.2.4. Any changes to key personnel associated with any subsequent MRA Agreement must be submitted in writing and approved in writing by ERCOT.

2.3 Capabilities

2.3.1 QSEs may submit proposals to provide MRA service from supply-side or demand-side capacity that was not included in ERCOT's RMR analysis or in the Load forecasts from the Steady State Working Group base cases used as the basis for the original Braunig Resources RMR analysis. (These forecast data are available to Market Participants in the Steady State Working Group cases at the ERCOT Market Information System). Each MRA Resource must provide at least 5 MW of capacity; assets may be aggregated to create an MRA Resource. Eligible MRA Resource types are identified in Sections 2 through 4 of the MRA Governing Document.

2.3.2 The proposed MRA Resource(s) must be available to provide an increase in injection or a decrease in Demand to the ERCOT System at ERCOT's discretion during the MRA Contracted Months of this RFP. QSE proposals must include detailed information about the MRA Resource's temporal constraints (e.g.,

ramp period, minimum run time, etc.), as described in the applicable MRA Resource Offer Template (See Attachment B to this RFP).

- MRA Resources with a start-up time (or Demand response ramp period) greater than 10 minutes will need to be committed by ERCOT in advance of an N-1 + G-1 contingency in order to ensure performance in post-contingency conditions.
- MRA Resources with a start-up time (or Demand response ramp period) of 10 minutes or less may be dispatched in Real-Time to address post-contingency conditions, and therefore can expect to be deployed less often.

2.3.3 The QSE representing each proposed MRA Generation Resource or Energy Storage Resource MRA must provide a Real-Time telemetry signal to ERCOT, consistent with Inter-Control Center Communications Protocol (ICCP) standards as documented in the ERCOT Nodal ICCP Communications Handbook, including relevant data points for the MRA Resource as described in the MRA Governing Document. The ICCP Handbook may be accessed on ERCOT's website at http://www.ercot.com/services/mdt/userguides/.

2.3.4 Except for a Forced Outage, any outage of an MRA resource must be approved by ERCOT. A planned outage of an MRA is governed by the ERCOT Protocols, including Section 3.1.7, Reliability Resource Outages.

2.3.5 Any new generator proposed as an MRA Resource must adhere to the requirements of Planning Guide Section 5, *Generator Interconnection or Modification*. The current version of the Planning Guide may be accessed on ERCOT's website at http://www.ercot.com/mktrules/guides/planning/current.

2.3.6 Telemetry requirements, dispatch procedures, availability requirements, event and test performance criteria, and communications requirements for MRA Resources are described in the MRA Governing Document.

2.3.7 Proposals must use established ERCOT mechanisms to enable ERCOT dispatch of the proposed MRA Resource(s) and settle with the QSE. Proposals must not require significant changes to ERCOT systems and should not impose a new significant burden on ERCOT processes.

2.3.8 QSEs submitting proposals for new, intermittent renewable generation units shall provide capacity values based on their projected average capacity contribution during the term of the agreement.

2.3.9 An MRA for which the MRA, or every MRA Site, is metered with either an Advanced Meter or an ERCOT-Polled Settlement (EPS) Meter must be available for qualification testing no later than 10 days prior to the first day of the contracted MRA Service. All other MRAs must be available for qualification testing no later than 45 days prior to the first day of the contracted MRA Service.

2.4 Qualified Scheduling Entity (QSE) Requirement

As indicated above, ERCOT will accept proposals **ONLY** from current QSEs at the time of the proposal submission deadline. Any MRA Agreement must be executed by ERCOT and the QSE.

2.5 Payments

A QSE representing an MRA Resource will be compensated based on the Standby Price (in $ per MW per hour) as defined in the QSE's MRA Agreement, adjusted by availability metrics. If ERCOT issues a commitment instruction to the QSE for the committed MRA Resource, the QSE shall also be compensated through Deployment Event Payments and Variable Payments for Deployment. Such compensation will be manually settled using a method substantially similar to that described in gray-boxed Protocols Sections 6.6.6.7, MRA Standby Payment; 6.6.6.9, MRA Payment for Deployment Event; and 6.6.6.10, MRA Variable Payment for Deployment, and in the MRA Governing Document.

ERCOT will charge the QSE representing the MRA for unexcused Misconduct Events as specified in the gray-boxed Section 6.6.6.11, MRA Charge for Unexcused Misconduct.

With respect to MRA Service, a "Misconduct Event" means any MRA Contracted Hour during which the MRA, in a deployment event, is directed to but does not make available to ERCOT the power injection or Demand response instructed by ERCOT.

ERCOT will assess a single charge to the QSE for each Operating Day on which one or more Misconduct Events occurs.

The QSE may be excused by ERCOT from a Misconduct Event charge if ERCOT determines, in its discretion, that the Misconduct Event was not due to intentionally incomplete or inaccurate reporting to ERCOT regarding the availability of the MRA.

ERCOT shall inform the QSE in writing of its determination if a Misconduct Event is deemed unexcused.

Failure by the QSE to meet the performance or availability requirements for the MRA service shall result in a reduction in payment(s) of all or part of the QSE's payments, in a method substantially similar to that described in gray-boxed Protocols Sections 6.6.6.7, 6.6.6.9, and 6.6.6.10. A Misconduct Event, as described in gray-boxed Protocols Section 3.14.4.8, may result in a charge to the QSE representing the MRA, in a method substantially similar to that described in gray-boxed Protocols Section 6.6.6.11, MRA Charge for Unexcused Misconduct. An Automatic Default or Other Default Event may result in termination of the applicable MRA Agreement, as specified in the MRA Agreement, and referral for an enforcement action by the Public Utility Commission of Texas which may include administrative penalties, among other remedies that may be provided in the MRA Agreement, the MRA Governing Document, and this RFP.

GENERAL INSTRUCTIONS AND RESPONSE REQUIREMENTS

3.1 Questions and Comments

All questions and comments regarding this RFP and other related documents must be submitted electronically to the email address contained in Section 1.6, ERCOT Point of Contact. All questions must reference the appropriate RFP or related document page and section number. In order to receive a response, questions and comments must be received no later than **3:00 PM CPT on the deadline set forth in Section 1.7, Procurement Timeline**. Questions in anonymized form and ERCOT's responses will be posted to the ERCOT RFP Index web page at http://www.ercot.com/about/procurement/rfp/index. Questions received after the due date may be reviewed by ERCOT but might not receive a response. A QSE must inquire in writing as to any ambiguity, conflict, discrepancy, exclusionary specification, omission, or other error in this RFP or related document prior to submitting a proposal.

ERCOT reserves the right to amend its responses to questions prior to the proposal submission deadline.

3.2 Modification or Withdrawal of Proposal

Proposals may be withdrawn from consideration at any time prior to Wednesday, January 22, 2025 (*see* Section 1.7, Procurement Timeline). A request for withdrawal must be submitted via email from the QSE's authorized representative made to the ERCOT Point of Contact.

A QSE has the right to amend its proposal at any time prior to the proposal submission deadline (*see* Section 1.6, Procurement Timeline). Any such amendment must be communicated via email from the QSE's authorized representative to the ERCOT Point of Contact.

3.3 Incomplete Proposals

ERCOT may reject without further consideration any incomplete proposal.

3.4 Consent to Obtain Information

By submitting a proposal, the QSE grants ERCOT the right to obtain information from any lawful source regarding: (i) the past business history, practices, conduct and ability of a QSE to supply goods, services, and deliverables; and (ii) the past business history, practices, conduct, and ability of the QSE's directors, officers, and employees.

3.5 Instructions for Submitting Proposals

3.5.1. Submission

Submit all copies of the proposal to the ERCOT Point of Contact no later than **3:00 PM CPT on the submission deadline** (*see* Sections 1.6 & 1.7). The proposal must be signed by an Authorized Representative of the QSE and submitted via email. The file must not exceed 20 megabytes (MB). If this size restriction cannot be met, multiple emails may be sent, but the QSE must indicate how many emails ERCOT should anticipate (*e.g.*, email 1 of 3). QSE must submit its proposal electronically, using the applicable Offer Submission Form(s) from Attachment B. The submitting QSE may include any additional proposal-related information in an appendix. All proposals, whether accepted or rejected, will become the property of ERCOT. ERCOT will treat RFP proposals and any associated presentations or other information associated with a proposal as confidential. However, any MRA Agreements will be publicly available. Late submissions will not be considered. After the deadline for proposals, ERCOT may request a resubmission of any proposal that ERCOT determines requires correction.

3.5.2. Additional Requirements

All proposals must be:

- Clearly legible;
- Sequentially page-numbered;
- Organized in the sequence outlined in Section 3.5.3;
- Limited to 50 pages (excluding ERCOT required forms);
- Responsive to the requirements of this RFP and the related documents;
- Proposals should include the QSE's name at the top of each page and shall not include unrequested materials or pamphlets.

3.5.3. Format and Content

The proposal must consist of two separate parts, each in a separate attachment:

(1) Part 1 – Business Proposal; and

(2) Part 2 – Cost Proposal.

Part 1 -- Business Proposal

The Business Proposal must include:

Section 1 – Executive Summary;

Section 2 – Corporate Background and Experience;

Section 3 – Assumptions;
Section 4 – Appendices;

Section 1 -- Executive Summary

In this section, the QSE shall condense and highlight the content of the Business Proposal to provide ERCOT with a broad understanding of the QSE's approach to meeting ERCOT's objectives for this procurement.

Section 2 -- Corporate Background and Experience

QSE Background and Experience

This section details the QSE's corporate background and experience. If the QSE proposes to use subcontractor(s), it must describe any existing ongoing relationships with such subcontractor(s), including project descriptions. The section shall include the following information:

- QSE's full organization, company, or corporate name;
- Headquarters address;
- Type of ownership (e.g. partnership, corporation);
- The identity of any corporate parent of the QSE;
- State where the QSE is incorporated or otherwise organized to do business;
- Federal taxpayer identification;
- Name and title of person who will sign the MRA Agreement; and
- Name and title of person responsible for responding to questions regarding the proposal, with telephone number, facsimile number, and email address.

Section 3 – Assumptions

State any business, economic, legal, or practical assumptions that underlie the QSE's Business Proposal.

Section 4 – Appendices

Include any appendices to the QSE's Business Proposal.

Part 2 – Cost Proposal

QSE's proposal shall provide pricing for the provision of the MRA Resource, consistent with the applicable Offer Submission Forms in Attachment B to this RFP.

3.6 Multiple Responses

A QSE may submit more than one proposal.

EVALUATION

4.1 Evaluation of Proposals

ERCOT may select one or more proposals through an internal evaluation process. ERCOT will consider capabilities or advantages that are clearly described in each proposal, which may be confirmed by presentations, site visits, or demonstrations if required, and verified by information from reference sources contacted by ERCOT. ERCOT reserves the right to contact individuals, entities, or organizations that have had dealings with the QSE, or staff proposed for this effort, whether or not identified in the proposal.

4.2 Evaluation Criteria

ERCOT may accept the offer or combination of offers that provides the most cost-effective solution. The primary criteria for evaluating the proposals as related to this RFP are as follows:

1. The QSE's ability to meet the requirements set forth in Section 2.
2. The QSE's total offer price and, ultimately, the expected cost of the MRA proposal.

Furthermore, ERCOT will evaluate each proposal based upon the following factors:

- Ability to provide the required reliability support, individually or in combination with other proposals, as determined by ERCOT based on the MRA Resource's capacity and its location(s) on the ERCOT Transmission Grid and corresponding impact to the South Texas Export constraints.
- ERCOT will only consider prospective MRA Resource(s) with beneficial shift factors; Attachment C to this RFP contains a list of Shift Factors for Electrical Buses.
- Ability of the QSE to satisfy objective financial criteria;
- Relative certainty that the proposed MRA Resource(s) will meet the expected in-service date;
- ERCOT shall evaluate prospective Demand Response MRAs for purposes of ESI ID verification and Measurement & Verification methodology.
- ERCOT will independently evaluate offered capacity from intermittent renewable generation units. If ERCOT's evaluation produces a lower projected average capacity contribution for these units during the hours of peak Load conditions, ERCOT shall advise the QSE of the discrepancy and may, with the approval of the QSE, de-rate the capacity offer. In such a case, the price per MW associated with the offer will not be changed.
- ERCOT shall evaluate the operational characteristics of each proposed MRA Resource, based on its anticipated overall value to grid reliability.
- Distribution-connected Other Generation MRA Resource(s) and distribution-connected DR MRAs will be evaluated with adjustments for Distribution Loss Factors.

4.3 Presentations and Site Visits

ERCOT may, at its sole discretion, request presentations, site visits, and/or demonstrations from one or more submitting QSEs. ERCOT will notify selected QSEs of the time and location for these activities and may supply agendas or topics for discussion. ERCOT reserves the right to ask additional clarifying questions during presentations, site visits, and/or demonstrations.

LIST OF ATTACHMENTS TO THE MRA RFP

Attachment A: Must-Run Alternative Governing Document

Attachment B: Must-Run Alternative (MRA) Offer Submission Form
1. Generation Resource MRA Offer Submission Form
2. Energy Storage Resource MRA Offer Submission Form
3. Other Generation MRA Offer Submission Form
4. Demand Response MRA Offer Submission Form

Attachment C: List of Helping Shift Factors (County and Bus Levels)

Attachment D: Standard Form Must-Run Alternative Agreement