|  |  |  |  |
| --- | --- | --- | --- |
| NPRR Number | [1269](http://ercot.com/mktrules/issues/NPRR1269) | NPRR Title | RTC+B Three Parameters Policy Issues |
|  |  |
| Date | February 6, 2025 |
|  |  |
| Submitter’s Information |
| Name | Jeff McDonald |
| E-mail Address | JMcDonald@PotomacEconomics.com |
| Company | Potomac Economics, Ltd., Independent Market Monitor (IMM) |
| Phone Number | 512-225-7077 |
| Cell Number |  |
| Market Segment | Not applicable |

|  |
| --- |
| Comments |

The IMM appreciates the opportunity to comment on Nodal Protocol Revision Request (NPRR) 1269, which discusses parameters and a methodology for defining proxy offers for Ancillary Services for Resources that fail to submit complete offers. In general, proxy offer prices should be determined such that the application imposes the least disruption to price formation and there should be an incentive to submit complete offers. The IMM has the following specific concerns about NPRR1269:

* In order to minimize the impact on price formation, proxy offers should be set at fixed values corresponding to the variable cost, including opportunity cost, to provide the service. In particular, the price on the Ancillary Service Demand Curve (ASDC) corresponding to 95% of the Ancillary Service Plan for a given product results in proxy prices that are excessively high at times and could lead to reliability and market performance issues similar to what we already identified with the proxy offer methodology for energy. By that same token, capping the proxy price for Ancillary Services at $2,000 is arbitrary and excessively high relative to the cost to provide the service.
* A proxy offer methodology for Ancillary Services should include performance monitoring criteria and penalties for frequent failure to submit complete offers for energy or Ancillary Service.
* If Resources have legitimate reasons not to be available to provide Ancillary Service(s), they should indicate so by telemetering a status of ONHOLD rather than by submitting incomplete offer curves.
* Given that ERCOT intends for Intermittent Renewable Resources (IRRs) to be unqualified to provide Ancillary Service by default, the likelihood that legitimate nonzero offers could be crowded out by $0 proxy offers from IRRs is unlikely and is not a sound basis for imposing excessively expensive proxy offers.

|  |
| --- |
| Revised Cover Page Language |

None

|  |
| --- |
| Revised Proposed Protocol Language |

None