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| NPRR Number | [1262](https://www.ercot.com/mktrules/issues/NPRR1262) | NPRR Title | Ancillary Service Opt Out Clarification |
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| Date | March 4, 2025 |
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| Submitter’s Information |
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| Cell Number |  |
| Market Segment | Not applicable (ERCOT); Industrial Consumer (Lancium) |

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| Comments |

ERCOT and Lancium jointly submit these comments addressing Nodal Protocol Revision Request (NPRR) 1262 for the Protocol Revision Subcommittee’s (PRS) consideration at its March 12, 2025, meeting.

ERCOT and Lancium have executed a confidential term sheet for ERCOT to obtain, at no cost, a license of Lancium’s applicable intellectual property for use in the ERCOT Region. The purpose of the license is to allow Resources to register and participate as Controllable Load Resources (CLRs) or provide Ancillary Services. The terms material to stakeholders include:

1. ERCOT’s license is non-exclusive, perpetual, sublicensable, irrevocable, fully-paid, royalty-free, and non-transferrable. ERCOT anticipates sublicensing its rights to registered CLRs or any other applicable Market Participants at no cost.
2. The license permits licensees to make, have made, use, sell, offer for sale, import, or otherwise distribute any products and services that would otherwise infringe the licensed patents and to practice any methods, processes, and procedures that would otherwise infringe the licensed patents.
3. The license is intended to include all Lancium U.S. patents, whether existing or that may issue from subsequent Lancium patent applications, that are needed to allow Resources to register and participate as CLRs or provide Ancillary Services. To this end, the license expressly includes at least 22 of Lancium’s U.S. patents, including U.S. Patent No. 10,608,433, which ERCOT understands has previously been the subject of certain stakeholder disputes.
4. ERCOT and its sublicensees will be released and discharged from all claims of infringement of the licensed patents in the ERCOT Region.

ERCOT and Lancium are working together to draft a license agreement based on the term sheet. ERCOT and Lancium accordingly request that PRS continue to table NPRR1262 to provide time for finalization of the draft license agreement. The license agreement will be publicly posted once available.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None