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| NPRR Number | [1275](https://www.ercot.com/mktrules/issues/NPRR1275) | NPRR Title | Expansion of Qualifying Pipeline Definition for Firm Fuel Supply Service in Phase 3 |
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| Date | March 10, 2025 |
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| Submitter’s Information |
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| Market Segment | Independent Generator |

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| Comments |

Vistra Operations Company LLC (Vistra) appreciates the opportunity to provide comments regarding the expanded definition of Firm Fuel Supply Service (FFSS) Qualifying Pipeline. Since the inception of FFSS in 2022, Vistra has participated in this program, utilizing its onsite storage capabilities. Vistra recently worked with ERCOT and stakeholders on two revisions that strengthened the program by revising the penalty structure to better align with actual performance and creating incentives to quickly remedy any situations that render a Resource “unavailable during a Watch” (NPRR1241, Firm Fuel Supply Service (FFSS) Availability and Hourly Standby Fee) and clarifying the cost recovery and optionality of using fuel inventories in storage to accelerate the restocking of fuel (NPRR1251, Updated FFSS Fuel Replacement Costs Recovery Process). This demonstrates our efforts to continually improve the FFSS program for all qualified Resources.

Vistra understands that this NPRR is predicated by the Public Utility Commission of Texas’ (PUCT’s) discussion at the January 31, 2025 Open Meeting supporting ERCOT’s intention to investigate the expansion of the qualification requirements to gas generation with offsite storage accompanied by firm transportation and storage agreements (under a second phase of the program). Vistra does not oppose exploring that expansion in NPRR1275. However, Vistra has two main concerns introduced by this revision, which pertain to: 1) the definition of “curtailment” as used in paragraphs (c)(ii) and (iii); and 2) the need to revisit the single clearing price to better reflect the value of different product offerings.

Vistra believes “curtailment” should be more narrowly defined. As written, it is unclear what qualifies in instances where a pipeline did not declare a curtailment but an event still resulted in gas being restricted, only partially delivered, or delivered without sufficient pressure. For example, would an event in which a pipeline asked for a Resource to reduce its flow by 20% be included, even though it was not a capacity constraint or a force majeure issue for the pipeline? To the extent that FFSS is meant to help improve the resilience of the electricity generation fleet to extreme conditions on the natural gas system, ensuring that the criteria used to determine eligibility for offsite gas storage FFSS are clearly defined will be important.

As previously demonstrated, Vistra has worked to improve the provisions around onsite storage within this program. The value brought by a Resource with onsite storage capabilities and the benefits of less risk of disruption and more direct control over equipment and transportation are distinct from the proposed category of Resources with offsite storage and firm transportation agreements. However, this program is currently built around a single clearing price principle, outlined in Section 2.2 of the Request for Proposals (RFP) issued prior to each contract period, in which “ERCOT clears offers from QSEs of qualified Generation Resources offered for the obligation period.” To date, this price only includes Resources with onsite storage using fuel oil or natural gas storage, meaning that ERCOT is effectively procuring the same quality of service and resiliency for the same price. By introducing a new product utilizing offsite storage and firm transportation agreements, the single product model, and in turn the single clearing price approach, should be revisited. Vistra recommends ERCOT develop language in the upcoming RFP that would have a separate clearing process and price for onsite vs. offsite storage so potential participants can submit appropriate offers in their proposals. Vistra supports the goal of procuring as much FFSS capacity at the least cost in the upcoming RFP process, but believes that bifurcated procurement of onsite and offsite FFSS will allow ERCOT to meet that objective while ensuring that the reliability value of each service can be efficiently realized.

Vistra looks forward to discussing these proposed changes at the upcoming March 12, 2025 PRS meeting.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None