



ADER Phase 3 Governing Document Comments

WMS Discussion

April 2, 2025

Executive Summary

1. Generic Example

- Uncoordinated deployment of an ADER participating as an NCLR (A-NCLR) by a 3rd party QSE may interfere with an LSE's hedged position and result in economic harm

2. Review of Proposed Redlines

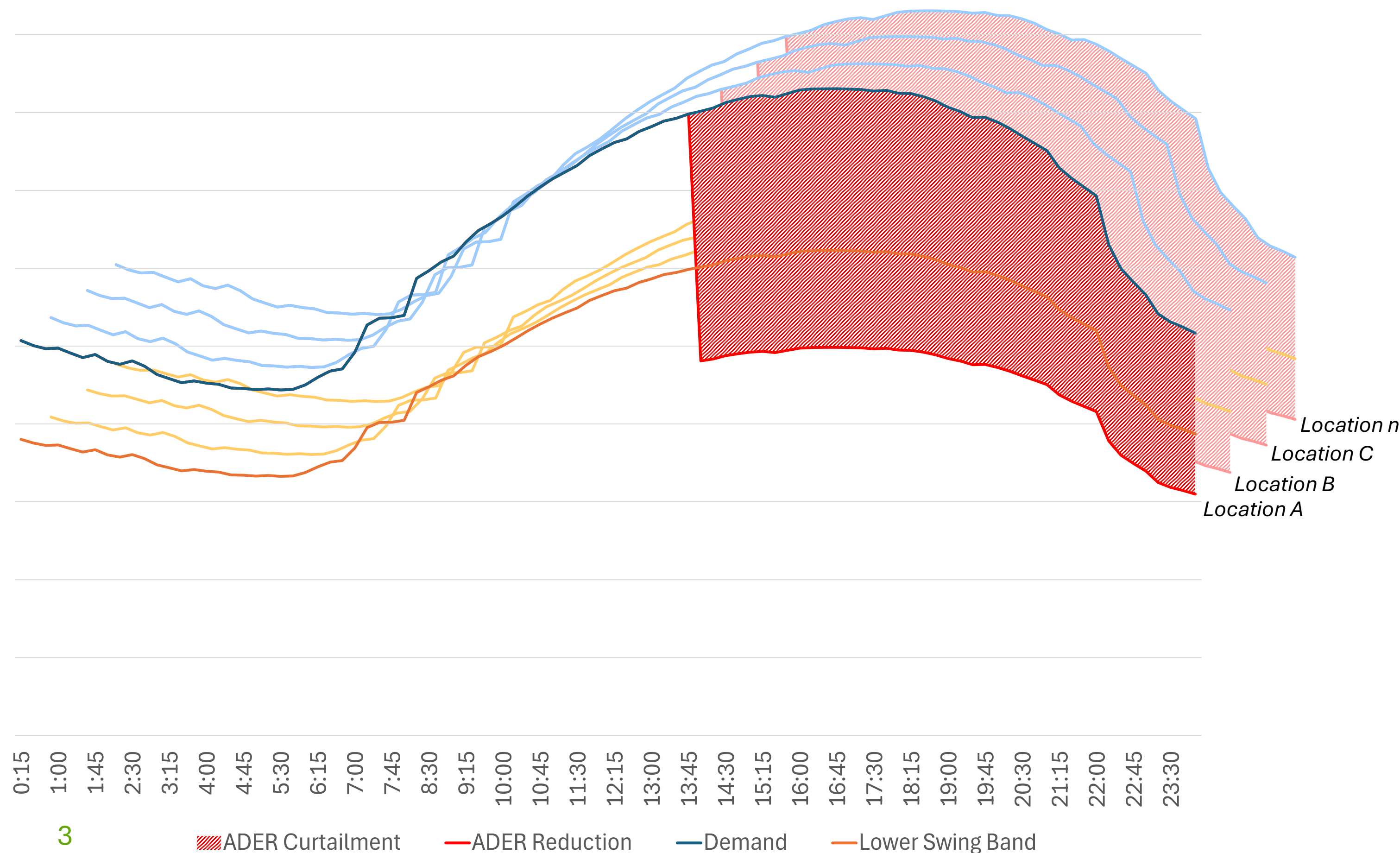
- Contested Issue Edits
- Administrative Edits

3. Alternative Solution

- ERCOT verifies QSE ↔ QSE relationship between LSE's QSE and 3rd Party QSE

1. Generic Example

ADER Deployment Outside Hedged Swing Band



Customer Contract w/ Retail Electric Provider

- REPs and other LSEs must hedge financial risks of load coming in above or below forecast (“swing”)
- Residential & smaller commercial contracts generally are “unlimited swing” – the REP/LSE wears all swing risk
- Larger customers may choose to contract for swing within an upper and lower band (where inside the usage band prices are fixed), unlimited swing (like smaller customers) or no swing (where customer takes on swing risk)
- The REP has taken a financial position to hedge the load of their customers based on their best expectation of the load shape

Uncoordinated 3rd Party Action

- If a 3rd party acts in an uncoordinated fashion with the REP to alter the customer load shape (e.g., through NCLR ADER that is deployed), that can undermine value of REP’s hedge
- Financial impact is amplified by:
 - Multiple/long-lasting deployments
 - Multiple customers
 - Brand/reputational damage from swing disputes

2. Review of Proposed Redlines

- Contested Issue Edits:

- Section 4 – Remove 6th bullet:

~~○ Before end of Q2 2025, address broader procedures and rules required to facilitate broader 3rd party aggregation (i.e., not just for large facilities participating in NCLR, for which there are accepted contractual and registration practices today to coordinate QSE and LSE operations) including: (1) any applicable notification, permissions, and customer protection requirements for non-REP entities and (2) exploration of TDU Load Management programs as an alternate route for 3rd party DERs if current ADER pathways are not suitable.~~

- Section 5(a) – Edit 1st bullet:

○ Continuing in Phase 3, an ADER ~~participating as an ALR~~ will be modeled as a Load Resource and is an aggregation of Premises, where all the sites are located within a single Load Zone and have the same LSE and DSP.

- Section 5(a) – Edit 2nd bullet and merge w/ 1st bullet:

~~○ An ADER participating as an NCLR will be modeled as a Load Resource and is an aggregation of Premises, where all the sites are located within a single Load Zone and with the same DSP. For ADERs participating as an NCLR where the individual premises associated with the aggregation have electric consumption exceeding 100kW, those premises are not required to have the same LSE. Also,~~ However, ADERs participating as an NCLR may be an aggregation of load-only sites.

2. Review of Proposed Redlines (cont.)

- Contested Issue Edits:

- Section 5(c)1. – Edit 2nd bullet:

- To be eligible to participate in the ADER Pilot Project, a QSE must provide the following information to the applicable DSP that serves each of the Premises that make up the aggregation. The information should be submitted to the DSP on the “Details of the Aggregation” form posted on the Pilot Projects page of the ERCOT website (hereinafter, this information is referred to as “Details of the Aggregation”):
 - Premise unique identifier (name/ID);
 - An indication of whether the ADER telemetry contribution from the Premise is at its TDSP-read meter location or device location;
 - ESI ID (or unique meter identifier, if the ADER is in a NOIE territory) of the TDSP-read meter that measures consumed energy from the grid and/or injected energy into the grid at the Premise;
 - LSE associated with ESI ID or unique meter identifier ~~(not applicable to ADERs intending to participate as NCLRs, provided the individual premise associated with the participating ESIID has electricity consumption that is greater than 100 kW)~~; and

- Section 5(c)2. – Edit 3rd bullet:

- Upon receiving the three documents noted above, ERCOT will review the documents. ERCOT may reject the submission for the following reasons:
 - Accepting the submission would cause the program to exceed any ERCOT Pilot Project participation limits, as defined in subsection 5.a;
 - ESI IDs or unique meter identifiers included in the submission (evaluated at the time of submission):
 - Were already part of an accepted submission from a different QSE;
 - Are not associated with the submitting LSE ~~(not applicable to ADERs intending to participate as NCLRs, provided the individual premise associated with the participating ESIID has electricity consumption that is greater than 100 kW)~~;

2. Review of Proposed Redlines (cont.)

- Administrative Edits:

- Section 1 – Update background section to reflect transfer of pilot discussions to ERCOT:
 - Participation in the Phase 1 of the Pilot Project began on August 22, 2023. On February 27, 2024, ERCOT staff filed a Phase 1 Report, as required by the Phase 1 Governing Document, in which ERCOT Staff and the ADER Task Force established in PUCT Project No. 53911 (Task Force) reviewed observations on Phase 1 and made recommendations to pursue in Phase 2. The Phase 2 Governing Document was approved by the ERCOT Board on February 27, 2024. On XXX, following the timeline established by the Phase 2 Governing Document, ERCOT prepared a recommendation on moving to a Phase 3 of the Pilot. **On February 13, 2025, the Commission agreed with a recommendation from Commission Staff that the Task Force had achieved its initial objectives and should be dissolved, with the Pilot and related discussions moving to the ERCOT stakeholder process to engage the larger ERCOT market participant community on how best to move the Pilot forward** ~~On XXX, the Task Force and ERCOT filed a Phase 2 Report, recommending to pursue a Phase 3.~~
- Section 3 – Update 1st paragraph:
 - The Pilot Project will continue under Phase 3 until implementation of ERCOT market rules and systems are in place to accommodate participation by ADERs, considering any direction from the PUCT, or until ERCOT, following PUCT consultation, or the PUCT deems the Pilot Project unnecessary. ERCOT expects that the Pilot Project will need to continue for a minimum of one additional year from the formal adoption of the Phase 3 Governing Document, including any **potential** future phases, to allow for any incorporation of ERCOT system upgrades, testing of customer migration, and qualifying Resources for multiple ERCOT services, as determined to be allowable while maintaining grid reliability.
- Section 4 – Edit 1st bullet:
 - Device-level sub-meter data, power quality metering, or methods for independent certification of QSE-provided data: This Pilot Project will need to evaluate the need for and methods for collecting data from individual Premises or devices that can be used to validate ADER performance and compliance of ADERs, including for the provision of additional Ancillary Services. This may include requiring, ~~for future Pilot Project phases,~~ data recorders located on individual DERs and on the distribution system **in the future**. If that is needed, who installs/owns these data recorders and how is the accuracy of data provided for performance and compliance guaranteed or certified?
- Section 5(k) – Edit 2nd bullet:
 - Recommendations regarding alternative dispatch and pricing schemes for consideration in **the** future ~~phases of the Pilot Project,~~ such as recommendations on the LRN concept;

3. Alternative Solution

An alternative solution (*no redlines provided*):

- Retain the unendorsed Task Force recommendation (i.e., do not require that ESIIDs with >100 kW demand in NCLR model be in same ADER QSE as LSE) but add requirement for ERCOT to verify QSE ↔ QSE relationship between LSE QSE and 3rd Party QSE
- Both QSEs have ability to terminate verification with ERCOT, removing ESIID(s) from ADER
- Should ensure coordination between entities; less complex than cross-settlement

Questions/Feedback