



## **Filing Receipt**

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**CY 2023 REVIEW OF RULES  
ADOPTED BY THE INDEPENDENT  
ORGANIZATION**

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**PUBLIC UTILITY COMMISSION  
  
OF TEXAS**

**JOINT ESR COMMENTS TO COMMISSION REVIEW OF  
ERCOT NODAL PROTOCOL  
REVISION REQUEST (“NPRR”) 1186**

On December 21, 2022, ERCOT revised its “ERCOT and QSE Operations Practices During the Operating Hour” section of the Business Practice Manual (“BPM”) to add a new Section 3.13, which imposed State of Charge (“SOC”) requirements on Energy Storage Resources (“ESRs”) (hereinafter, the “BPM SOC Requirements”). These were new requirements that significantly impacted the daily operation of ESRs, yet there was no stakeholder process to develop these provisions, no review by TAC or approval by the ERCOT Board, and no Commission approval of these new requirements. When these new SOC requirements were added to the BPM, ERCOT indicated to market participants that it expected ESRs to operate consistent with these operational requirements, placing ESR market participants in a regulatory quandary. The BPM is not approved by the ERCOT Board or the Commission and should not be enforceable against market participants; yet, ERCOT Staff have expressed their expectation that ESRs comply with the BPM SOC Requirements. This placed ESRs in a difficult situation and caused regulatory uncertainty. The BPM SOC Requirements remain in the BPM today.

It is this regulatory backdrop in which NPRR 1186, *Improvements Prior to the RTC+B Project for Better ESR State of Charge Awareness, Accounting, and Monitoring*, is being considered by the Commission. After much discussion with ERCOT Staff through the NPRR 1186 market participant process, NPRR 1186 modified and improved the BPM SOC Requirements with respect to SOC expectations, although NPRR 1186 also included exceedingly strict compliance obligations that were discussed by the Commission at the November 30, 2023 Open Meeting.

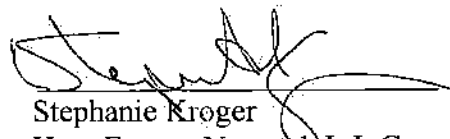
While there is some variation of views among ESRs regarding how the Commission should approach NPRR 1186, the energy storage companies listed below are united in their opposition to using the BPM to establish compliance requirements and **request that, as part of the Commission's decision regarding NPRR 1186, the Commission clearly state that it will not enforce the BPM SOC Requirements through compliance investigations and direct ERCOT to remove the SOC Requirements from the BPM.** This is essential, especially if the Commission decides to reject NPRR 1186 in its entirety, because if the BPM SOC Requirements remain intact, ESRs would remain in a state of regulatory uncertainty regarding SOC compliance requirements. The Commission would be acting well within its authority to direct ERCOT to remove the BPM SOC Requirements. PURA § 39.151(d) provides that ERCOT is "directly responsible and accountable to the commission" and the Commission has "complete authority" to oversee ERCOT's operations.

The companies listed below greatly appreciate the Commission's careful and thorough consideration of the important issues raised by NPRR 1186. ESRs are highly flexible, fast responding dispatchable resources that have proven effective and reliable in times of grid stress. Clear policies and a well-defined regulatory process are needed to encourage the continued development of these resources in ERCOT.

Respectfully submitted,

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