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CY2023 REVIEW OF RULES	§	PUBLIC UTILITY COMMISSION
ADOPTED BY THE INDEPENDENT	§	OF TEXAS
ORGANIZATION	§	

**JUPITER POWER LLC’S RESPONSE TO ERCOT LETTER REGARDING NODAL
PROTOCOL REVISION REQUEST (NPRR) 1186**

Jupiter Power LLC (“Jupiter Power”) appreciates the opportunity to submit comments regarding NPRR1186 “Improvements Prior to RTC+B Projects for Better ESR State of Charge Awareness, Accounting, and Monitoring.” Jupiter Power has one of the largest portfolios of stand-alone battery energy storage assets in Texas with 775MWh of operating projects and 620MWh currently in construction. Jupiter Power began developing battery energy storage projects in ERCOT in 2018 and achieved commercial operations on three distribution-connected projects in 2021, three transmission-connection projects in 2022, and an additional transmission-connected project in 2023. All but one of Jupiter’s nine projects in operations or construction is of two-hour duration.

Jupiter Power has participated in numerous conversations with ERCOT stakeholders, ERCOT staff, and the Public Utility Commission since NPRR1186 was filed by ERCOT in June of 2023. Jupiter has previously filed three sets of comments to the ERCOT NPRR, including one set of Joint Comments, and one set of Joint Comments to this Commission project. Additionally, Jupiter Power is a both 2023 and 2024 voting member on ERCOT’s Technical Advisory Committee. Jupiter Power agrees in large part with the November 29, 2023, memo filed by Commissioner Glotfelty. While we acknowledge the good faith compromise made by ERCOT in their September 19, 2023 comments to the NPRR, we continue to have concerns that “ERCOT is trying to make batteries look like and act like coal plants” and that the result standards and compliance measures that would be applied to Energy Storage Resources (“ESRs”) on a discriminatory basis.¹ The version of NPRR1186 recommended for approval by TAC at the September 26, 2023, meeting, and by the Board at the October 17, 2023, meeting, did more narrowly tailored ERCOT’s proposed SOC standards to require hourly AS obligations to be matched by hourly SOC requirements. However, Jupiter Power continues to have concerns that this version of NPRR1186: 1) is not technology neutral policy; 2) is a solution in search of a

¹ https://interchange.puc.texas.gov/Documents/54445_41_1349190.PDF at page 2

problem and that the extent to which there is an issue of actual failure to provide ancillary services has not been clearly articulated; and 3) mandates standardized operations of ESRs in a way in which attempts to equate SOC to gas supply or coal piles and fails to recognize differences in technical and operational characteristics within an ESR fleet, and that is antithetical to ERCOT's energy-only market. Jupiter Power supports option "3" laid out in Commissioner Glotfelty's November 29 letter "consider deleting all the penalty provisions in the current NPRR1186 proposal, as well as follow-on NPRRs, and adopt only the data collection and monitoring provisions.

1) 1186 is not technology neutral and results in discriminatory standards and compliance for ESRs

Jupiter Power agrees with ERCOT that ESRs do have unique duration-limited characteristics. However, a resource type holding a unique characteristic does not dictate that there must be specific operational standards for that one technology alone. Jupiter Power does not agree that other resource types are not inherently duration-limited, as ERCOT asserts on page 2 of their January 4, 2024, filing on NPRR1186. All resource types are subject to the availability of their supply and the limits of their technology, a fact which consumers, ERCOT stakeholders, ERCOT, the PUCT, and Legislators have been keenly aware of during Winter events, and most acutely during Winter Storm Uri. The typical and appropriate method used to address all types of limitations of all resources, regardless of technology, is through qualification requirements. New and updated qualification requirements have been used to ensure that resources will have the appropriate duration for the service they provide, in the Firm Fuel Supply Service, Black Start Service, and for ESRs providing ECRS and non-spin. Requirements that dictate a specific management of SOC should not be conflated with qualification requirements. For the grid operator, which is a membership based 501(c)(4) nonprofit corporation², to characterize the ability of owners and operators of one technology type, and that technology type alone, ability to make the commercial decisions to manage their resource or position that all independent generators and power marketers can make, as the ability to "choose to gamble" or to "be allowed to take risks that may jeopardize grid reliability," is irresponsible, misleading and may lead the public and regulators to fear the suggested "constant risk of energy depletion."³ The ERCOT energy-only market not

² <https://www.ercot.com/about>

³ <https://interchange.puc.texas.gov/search/documents/?controlNumber=54445&itemNumber=52> at pages 2,4

only relies on, but is premised on, independent generators and independent power marketers making commercial decisions to manage their resources and positions. For example, ERCOT's Day Ahead Market is premised on financial only-obligations and does not dictate standards for exactly how the physical commitment is fulfilled. Further, a financial-only Ancillary Service market was contemplated and recommended by the IMM upon implementation for RTC.⁴ We will discuss in the next section why ERCOT has not shown a proven reliability need to use significant time and resources (the Impact Analysis for NPRR1186 and NPRR1209 have a combined cost of up to \$850,000) to implement NPRR1186 for a period of less than two years, ahead of the implementation of Real-Time Co-optimization.

2) ERCOT has not demonstrated a reliability issue that needs to be addressed before RTC

ERCOT has continued to fail to demonstrate that there is a current or imminent reliability issue caused by ESRs. Specifically, ERCOT has: a) continually provided data that does not identify actual failure to provide Ancillary Services; and b) repeatedly used the expected proliferation of ESRs on the grid as on its face evidence of a higher risk, without realizing the market dynamics that would result in this also changing the make-up of ancillary services and without recognizing the system-wide risk mitigation that will naturally arise as a portfolio of differently-sized and longer-duration ESRs enter the Ancillary Services market

a) ERCOT Data does not clearly show ESR's actual failure to provide ancillary services

ERCOT continues to evade presenting data of actual failure to provide a service. Failure to provide a service only becomes realized when that service is deployed. On slides 20-21, ERCOT asserts that instances where Actual Output < Dispatch is equivalent to failure to provide. Depending on the time and length of deployment, actual output being less than dispatch does not necessarily equate to failure to provide. ERCOT further conflate both energy and AS into the dispatched amount when the failure to provide is relevant only to deployment of ancillary services. In addition to this data failing to demonstrate an actual failure to provide, Jupiter would assert that ESR performance on Sept 6th demonstrates an efficient and least costly response for consumers. September 6th in particular, was not a matter of not enough generation, whether through SOC or HSL, to meet load. At the point where frequency dropped to 59.7HZ, batteries had enough SOC to meet ancillary service obligations and were supplying capacity to the grid when needed they most. Events like this will continue to require different decisions regarding which products

⁴ https://interchange.puc.texas.gov/Documents/48540_45_1014714.PDF

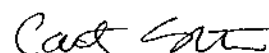
ERCOT uses to respond to grid emergency and will need fast responding batteries to provide both up and down services as the grid needs. More ESRs online in ERCOT is not equivalent to higher risk in ESRs providing ancillary services.

b) ERCOT Misunderstands how ESR growth ahead of RTC will affect ancillary services

ERCOT points out that the ESR capacity in ERCOT is forecasted to more than triple by 2026 when RTC will be implemented. They conclude that ESRs will provide the majority of one-hour ancillary services at that time. However, ESRs online would change the manner in which ESR participate in ancillary services. As more batteries come online, the fleet of batteries will naturally diversify and each individual ESR asset would be selling a smaller percentage of its capacity into ancillary services. ERCOT cannot assume that every battery asset comprising the predicted up to 20GW of batteries in 2026 will all have the same SOC at the same time. As all parties agree, SOC is a unique construct, and it does not deplete in a straight line. ERCOT's own rules allow for ESR's to transfer obligations within a fleet of batteries and from discharging to charging, providing many avenues for SOC to increase over the course of an hour. Further, ERCOT's own data emphasizes that the services that ESRs already provide the majority of are the one-hour services Reg Up and RRS. In contrast, the adverse impacts of 1186 most heavily effects ERS participation in ECRS and Non-Spin.

At the January 18th Open Meeting, Jupiter Power would support action that follows option "3" laid out in Commissioner Glotfelty's November 29 letter "consider deleting all the penalty provisions in the current NPRR1186 proposal, as well as follow-on NPRRs, and adopt only the data collection and monitoring provisions. We appreciate the opportunity to comment ahead of Open Meeting.

Respectfully Submitted,
JUPITER POWER LLC



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