



Filing Receipt

Filing Date - 2023-10-17 04:34:56 PM

Control Number - 55156

Item Number - 31



October 17, 2023

The Honorable Kathleen Jackson, Chair, Public Utility Commission
The Honorable Lori Cobos, Commissioner, Public Utility Commission
The Honorable Jimmy Glotfelty, Commissioner, Public Utility Commission
The Honorable Will McAdams, Commissioner, Public Utility Commission

Dear Commissioners,

Earlier this year, the Texas Legislature passed HB 1500 (88R), which included a provision directing the Public Utility Commission (Commission) and the Electric Reliability Council of Texas (ERCOT) to develop a new ancillary service program to procure Dispatchable Reliability Reserve Services (DRRS) on a day-ahead and real-time basis by December 1, 2024. The purpose of this provision was to create a targeted ancillary service product that could leverage flexible, dispatchable generation resources to more efficiently manage operational uncertainty within the ERCOT market.

To comply with this directive, ERCOT recently issued Nodal Protocol Revision Request (NPRR) 1203 to establish the DRRS ancillary service program. Rather than developing DRRS as a new, standalone ancillary service, NPRR 1203 proposed implementing DRRS as a component of the existing Non-Spinning Reserve (Non-Spin) product in order to comply with the bill's statutory deadline.

While we appreciate ERCOT's expeditious efforts to meet this target, we are concerned the current proposal does not meet the legislature's goal of creating an ancillary service product designed to meet actual system needs in a targeted, transparent manner and could have a negative impact on consumer costs. In addition, combining DRRS into Non-Spin will create a single non-spin clearing price, which could have a negative impact on consumer costs, as well as diminish the market incentives to invest in the specific type of dispatchable resources needed to improve reliability.

As such, we urge the Commission to direct ERCOT to revise NPRR 1203 to establish DRRS as a standalone ancillary service, even if doing so will cause a delay in the implementation timeline while, of course, still expeditiously pursued. Doing so will ensure the forthcoming DRRS product is implemented in a manner which aligns with the intent of the legislature and provides the most overall benefit to the ERCOT market.

Thank you for your tireless service and commitment to the people of Texas. Should you have any questions, please do not hesitate to contact our offices.

Best regards,



Justin Holland
Texas House of Representatives
District 33



Todd Hunter
Texas House of Representatives
District 32



Charles Schwertner
Texas Senate
District 5

cc: Pablo Vegas, President & CEO, Electric Reliability Council of Texas
Thomas Gleeson, Executive Director, Public Utility Commission