



# ERCOT Introduces New Ancillary Service

## ERCOT Contingency Reserve Service (ECRS)

In June 2023, ERCOT will introduce a new ancillary service called ERCOT Contingency Reserve Service (ECRS). The move comes as ERCOT implements a final piece of a 2019 decision to address the increased penetration of intermittent renewable resources on the grid. Nodal Protocol Revision Request (NPRR) No. 863 was approved in February 2019 with the objective to stabilize frequency and reduce inertia on the system. As part of the same decision, ERCOT approved and previously completed changes to the existing Responsive Reserve Service (RRS).

All RRS subsets are procured with an intention to arrest large frequency excursions following a generation trip. ECRS is designed meet reliability requirements that were previously met by RRS alone. By design, ECRS can be dispatched by ERCOT's Security Constrained Economic Dispatch and should respond within 10 minutes to deployment instructions, using capacity that can be sustained at a specified level for two consecutive hours.

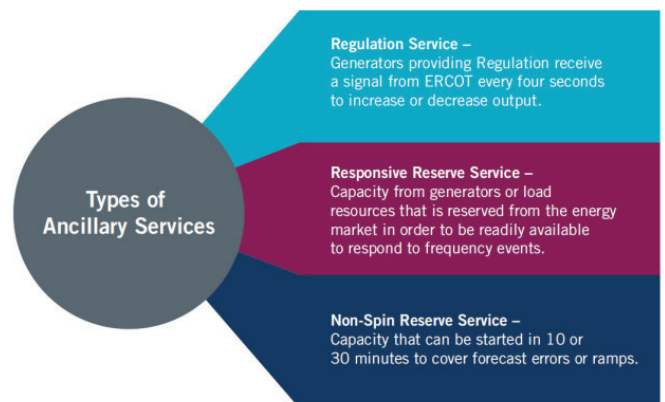
Currently all ENGIE contracts stipulate that this will be a pass through charge and therefore ENGIE will pass the cost on to customers based on a commercially-reasonable calculation of each customer's cost.



*ECRS joins other new ancillary services that includes online or offline generation that can be converted into energy within 10 minutes.*

### Frequently Asked Questions

- Who is Impacted by this change**  
All customer load is impacted by this change.
- How will this cost be allocated?**  
ERCOT will distribute the cost to provide this service on a load-ratio share basis. ENGIE will use commercially reasonable efforts to mirror this calculation in order to determine an individual customer's share of the cost.
- When does this new ancillary service go into effect?**  
The charge is currently projected to go into effect in June 2023.
- What is the estimated cost, formula or range for this pass through?**  
It is a market-based ancillary service and will fluctuate as market conditions change. During periods of normal market conditions, we estimate \$0.50 - \$1.00 per MWh. During periods of scarcity market conditions, the cost may be much higher.



Source: IEEE

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- ?** **Is it a new line item on the bill and how does it appear?**  
It will appear on the bill as ERCOT Contingency Reserve Service unless you have elected in your agreement to pass through Ancillary Services. If this this case, it will be included in your existing Ancillary Services bill line item.
- ?** **What if we fixed our ancillary costs as part of our contract with ENGIE?**  
As a new ancillary service, ENGIE will pass through the costs to all customers.
- ?** **Can we hedge the cost of this service?**  
There is no forward market for this service. Currently ENGIE is not offering any products that allow hedging this service. As this product matures, ENGIE may explore hedging options for customers.
- ?** **Is this cost variable?**  
Yes, this cost is based on two factors:  
  1. The price at which ECRS eligible resources offer their services to the grid on a daily basis
  2. Volumes purchased by ERCOT to meet the grid needs, which can be updated in order to ensure reliability. This is typically reviewed annually but can change during emergency events.
- ?** **Does ENGIE add an administrative fee to this cost?**  
There is no element of overhead, administrative expense, profit, or other cost added.

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