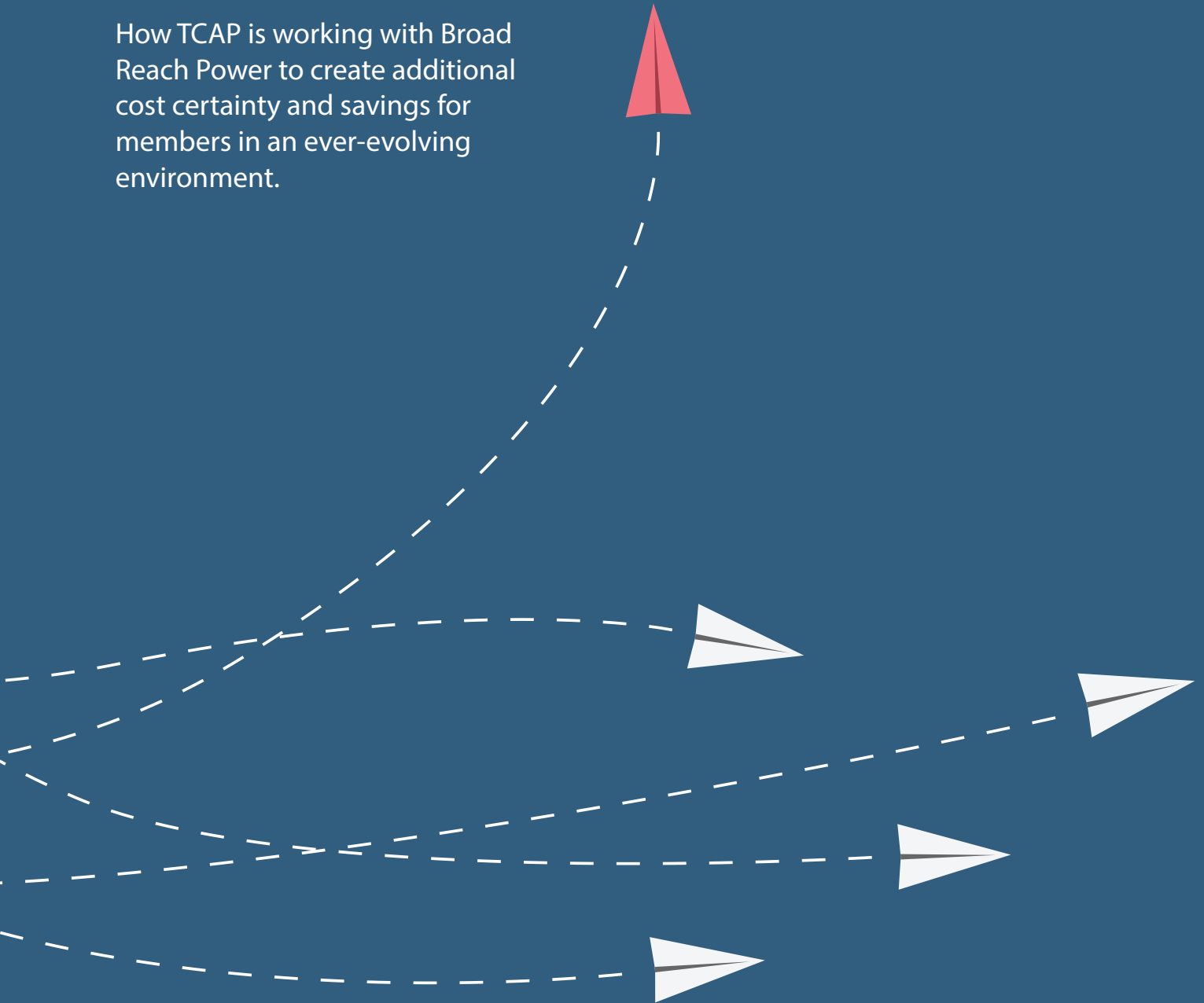




CASE STUDY

# When markets change, TCAP responds

How TCAP is working with Broad Reach Power to create additional cost certainty and savings for members in an ever-evolving environment.

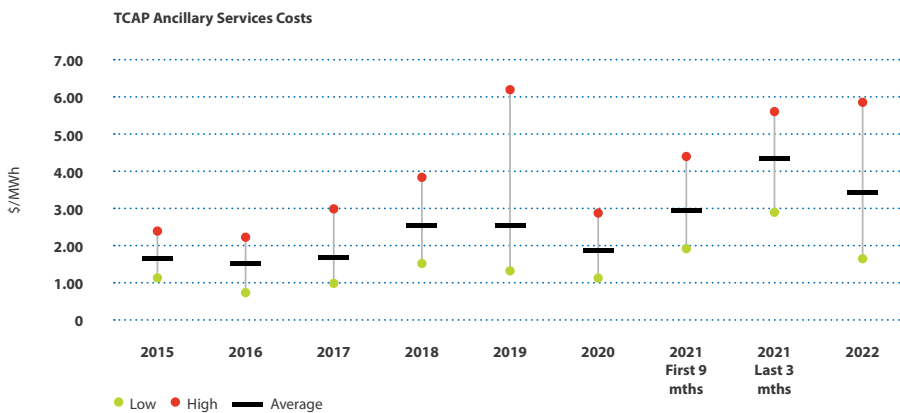


Ancillary services, which are reliability products designed to keep the grid stable and operational, are determined by ERCOT and cost responsibility is assigned to load entities (end users) based on their usage as a percentage of total system demand. A load entity can either procure their share of ancillary services directly and provide these to ERCOT, or ERCOT will procure the services directly and assign cost responsibilities to loads.

After Winter Storm Uri, ERCOT implemented a new “conservative approach” for procuring ancillary services in the latter half of 2021, purchasing a much larger amount of ancillary services to improve grid reliability. This higher procurement amount changed the supply and demand balance of ancillary services resulting in higher and more volatile ancillary services prices. Over time, ERCOT ancillary services needs will increase due to:

- Load increases beyond current supply growth i.e. cryptocurrency
- Increased renewable penetration leading to more volatility and more ancillary service procurements
- Extreme weather uncertainty leading to increased reliability requirements

In response to these changes, TCAP determined it was best for its members to move to procuring their own ancillary services at a fixed price instead of relying on the more volatile and higher priced ERCOT market procurements. TCAP took a deliberative approach to this procurement to determine what type of resources could provide the most reliable ancillary services at the most reasonable cost.



After a significant review of market prices and reliability, TCAP recently entered into an agreement with Broad Reach Power (BRP), the leading utility-scale battery storage platform in the United States, to provide ancillary services to TCAP for a fixed price over a five-year period. With its strong base of energy storage resources across the ERCOT system, BRP collaborated with TCAP to come up with an innovative approach of providing risk management

services to help increase its coalition of members and protect their budgets. The contract fixes the price to TCAP members at an overall level that is often lower than what TCAP has been paying in recent months and provides rate stability to TCAP members avoiding future potential price spikes. Additionally, the contract is designed to provide increased savings to members over the term of the agreement and is flexible enough to accommodate future potential changes in ancillary services procurements. This proves once again that TCAP’s non-profit model enables innovation and creativity, the focus of which is solely on the benefit of its members.