

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS.

Subchapter S. WHOLESALE MARKETS.

§25.507. Electric Reliability Council of Texas (ERCOT) Emergency Interruptible Load Service (EILS).

- (a) **EILS procurement.** ERCOT shall procure EILS, a special emergency service that is intended to be deployed by ERCOT in an Emergency Electric Curtailment Plan (EECP) event prior to or in conjunction with ERCOT instructing transmission and distribution service providers to interrupt firm load.
- (1) EILS may be procured for one or more of three contract periods:
 - (A) February through May;
 - (B) June through September; and
 - (C) October through January.
 - (2) Notwithstanding the foregoing, ERCOT may restructure the contract periods to facilitate additional load participation in EILS. ERCOT must publicly announce any changes to the contract period schedule described above at least 90 days prior to the next contract period start date.
 - (3) ERCOT may determine cost limits for each EILS contract period in order to ensure that the EILS cost cap is not exceeded. To minimize the cost of EILS, ERCOT may reject any bid that ERCOT determines to be unreasonable or outside of the parameters of an acceptable bid.
 - (4) ERCOT may contract for any number of MW in an EILS contract period not to exceed 1,000 MW.
 - (5) ERCOT may establish an additional EILS contract period for the time period of April 1 to May 31, 2011. ERCOT may give less than the 90 days' prior notice required in subsection (a)(2) of this section for this contract period only. This paragraph expires on June 1, 2011.
- (b) **Definitions.**
- (1) EILS — A special emergency service procured and used by ERCOT in accordance with this section.
 - (2) EILS contract period — As defined in subsection (a) of this section.
 - (3) EILS cost cap — The maximum amount ERCOT may spend on the EILS program in a year, February-January. The cost cap is set at \$50 million.
 - (4) EILS resource — Load that is contracted to provide EILS.
 - (5) EILS time period — Sets of hours designated by ERCOT within an EILS contract period.
 - (6) ERCOT — The professional staff of the Electric Reliability Council of Texas, Inc.
- (c) **Participation in EILS.** In addition to requirements established by ERCOT, the following requirements shall apply for the provision of EILS:
- (1) EILS bids may be submitted to ERCOT by a qualified scheduling entity (QSE) on behalf of an EILS resource.
 - (A) Bids may be submitted for one or more time periods within a contract period.
 - (B) The minimum amount of EILS that may be offered in a bid to ERCOT is one MW. QSEs representing EILS resources may aggregate multiple resources to reach the one MW bid requirement. Such aggregated bids will be considered a single EILS resource.
 - (2) To qualify to participate in the EILS program, an EILS resource shall meet the technical requirements set out in this paragraph.
 - (A) Each EILS resource, including each EILS resource participating in an aggregated bid, shall have an ESI ID or unique service identifier, as defined by ERCOT.
 - (B) Each EILS resource shall have a dedicated installed Interval Data Recorder (IDR) meter or equivalent. If the IDR meter or equivalent is not used for settlement with ERCOT, then the meter and the method and format used to collect and transfer the meter data are subject to ERCOT approval. This subsection also applies to meters behind a Non-Opt-In Entity (NOIE) meter point, to meters behind a private network's settlement meter point, and to separately metered loads behind a single ESI ID. This requirement shall not apply to customers participating in aggregations of EILS resources if a statistically valid alternative to universal IDR metering for measurement and verification consistent with industry best practices can be developed and approved by ERCOT.

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- (C) An EILS resource shall be capable of reducing its load by its contracted capacity within ten minutes of an ERCOT verbal dispatch instruction (VDI) to its QSE and shall be capable of maintaining its performance at contracted levels for the entire period of the EILS deployment.
 - (D) EILS resources, once deployed, shall be able to return to their contracted operating level for providing EILS within ten hours following the recall instruction.
 - (E) EILS resources shall be subject to qualification, testing, and performance requirements as developed and administered by ERCOT.
 - (F) An EILS resource shall be registered as part of its QSE agreement with ERCOT.
 - (G) The QSE shall execute a standard form EILS agreement as developed by ERCOT.
 - (H) The EILS resource shall be served by a QSE qualified to provide ancillary services and capable of communicating with ERCOT and the EILS resource.
 - (I) An EILS resource shall not provide other ancillary services, including balancing energy services with the same capacity, while under an EILS Agreement.
- (3) ERCOT shall establish an individual load baseline for each proposed EILS resource. If the EILS resource is an aggregation of ESI IDs, ERCOT shall take into account the load characteristics of each ESI ID represented by the EILS resource.
- (A) ERCOT shall review IDR data or equivalent from the most recent available 12-month period to determine an EILS Resource's consumption. If 12 months of IDR data are not available, ERCOT may use reliable meter data for a shorter period or from a different source, at its reasonable discretion. If ERCOT does not possess sufficient data, the EILS Resource or its QSE must provide data to ERCOT according to ERCOT's specifications.
 - (B) ERCOT may establish an alternate baseline methodology to accommodate loads for which a sufficiently accurate default baseline cannot be established.
 - (C) Baselines shall be used to verify or establish an EILS Resource's maximum contract amount and to verify the EILS resource's performance as compared to its contracted capacity during an EILS deployment event.
- (4) EILS shall be deployed by ERCOT by VDIs in a single phone call to all QSEs providing EILS.
- (A) When ERCOT issues a VDI, 100% of the available contracted EILS resources shall be deployed.
 - (B) ERCOT may deploy EILS at any time during a settlement interval.
 - (C) An EILS resource shall be subject to a maximum of two deployments per EILS contract period, lasting no more than a total of eight hours per contract period, unless an EILS deployment is still in effect when the eighth hour lapses, in which case EILS deployment shall continue until ERCOT releases the EILS resource. EILS resources may return to service only after being released by ERCOT.
 - (D) ERCOT may conduct a load-shedding test of each EILS resource once a year unless the EILS resource has met its performance obligations during an EILS deployment during the preceding 12 months. ERCOT tests are not "deployments" under subparagraph (C) of this paragraph.
- (d) **EILS Payment and Charges.**
- (1) ERCOT shall pay a capacity payment to each QSE representing an EILS resource on an as-bid basis subject to modifications determined by ERCOT based on the EILS resource's availability during an EILS contract period, and the EILS resource's performance in a deployment event.
 - (2) ERCOT shall charge each QSE a capacity charge for EILS based upon its load ratio share during the relevant EILS time period and EILS contract period.
 - (3) There shall be no energy payments for providing EILS above and beyond typical load imbalance payments pursuant to the ERCOT protocols.

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- (4) ERCOT shall settle an EILS contract period through payments and charges on a settlement statement of a single operating day within 70 days following the completion of the EILS contract period.
- (5) ERCOT shall make the following available to market participants through market notices and by posting on a publicly accessible section of the ERCOT web site:
 - (A) Methodology used to develop baseline formulas;
 - (B) Formulas used for wholesale market settlement; and
 - (C) Equations used to determine an EILS resource's compliance with its obligations in an EILS deployment.
- (e) **Compliance.** QSEs representing EILS resources are subject to penalties for failure to meet their obligations under this section. ERCOT shall withhold all or part of an EILS resource's capacity payment for a contract period and suspend participation in EILS for six months if the EILS resource fails to make its committed load available during its committed hours, or fails to meet its load reduction obligations in an EILS deployment event. In order to be reinstated after the suspension the load must demonstrate its capability of performing the service by satisfactorily performing a test conducted by ERCOT.
- (f) **Reporting.** Within 10 days of the EILS awards for a contract period, ERCOT shall report publicly the number of MW procured per time period, the number of resources providing the service, and the projected total cost of the service for that contract period. ERCOT shall review the effectiveness and benefits of the EILS and report its findings to the commission annually within 70 days of the completion of the EILS program year. The report shall contain, at a minimum, the number of MW procured in each period, the total dollar amount spent, the number and level of EECF events, and the number and duration of deployments.
- (g) **Implementation.** ERCOT shall develop additional procedures, guides, and/or protocols that are consistent with this section and that ERCOT finds necessary to implement EILS, including but not limited to developing a standard form EILS Agreement and specific performance guidelines and grace periods for EILS Resources.
- (h) **Self Provision.** ERCOT shall maintain procedures for self provision of EILS by any QSE.