

## **ERCOT EMERGENCY INTERRUPTIBLE LOAD SERVICE (EILS) TECHNICAL REQUIREMENTS AND SCOPE OF WORK**

### **For EILS Contract Period of February 1, 2008, through May 31, 2008**

Electric Reliability Council of Texas, Inc. (ERCOT) administers and operates the EILS program in accordance with Public Utility Commission of Texas (PUC) Substantive Rule §25.507.<sup>1</sup> ERCOT will operate the program for the February through May, 2008, EILS Contract Period based on the existing Protocols and Protocol Revision Request (PRR) 746, sponsored by ERCOT and subject to approval by the ERCOT Board of Directors at its meeting of December 11, 2007.<sup>2</sup>

Qualified Scheduling Entities (QSEs) representing EILS Resources are responsible for bidding into this program based on the following timeline (all times are U.S. Central Standard Time):

- December 12, 2007 5 p.m. ERCOT issues EILS Request for Proposal (RFP)
- January 7, 2008 5 p.m. QSEs opting for EILS Self-Provision submit the EILS Notification of Self-Provision Form to ERCOT
- January 8, 2008 Noon Proposals due from QSEs (see accompanying document entitled “ERCOT EILS Registration/ Proposal Form, February-May 2008”).
- January 14, 2008 Noon ERCOT notifies Self-Providing QSEs of adjusted commitment levels
- January 16, 2008 Noon Self-Providing QSEs provide ERCOT with final Self-Provision commitment (this must occur within two Business Days of the communication to the QSE from ERCOT)
- January 16, 2008 5 p.m. ERCOT announces EILS Awards
- January 17, 2008 5 p.m. Standard Form Supplements to QSE Agreements<sup>3</sup> distributed to awarded QSEs
- January 30, 2008 5 p.m. Deadline for signed contracts to be returned to ERCOT
- February 1, 2008 First day of operation in this Contract Period

This Technical Requirements and Scope of Work document is based on the language in the ERCOT Protocols as amended by PRR 746.

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<sup>1</sup> Available at <http://www.puc.state.tx.us/rules/subrules/electric/index.cfm>.

<sup>2</sup> Unless otherwise indicated, capitalized terms herein have the meanings ascribed to them in the ERCOT Protocols.

<sup>3</sup> See ERCOT Protocols Sec. 22K, Standard Form EILS Supplement to QSE Agreement, subject to technical correction amendment by PRR 725. The basic Agreement may be executed once; Appendix A and Appendix B must be executed for each Contract Period for which an EILS bid is accepted.

### ***A. Definitions***

- (1) “Electric Service Identifier (ESI ID)” is defined as either:
  - a. The basic identifier assigned to each Service Delivery Point used in the registration and settlement systems managed by ERCOT. (This is the standard definition from the ERCOT Protocols and applies to premises located in competitive choice areas of the ERCOT Region); or
  - b. A unique identifier assigned to a Service Delivery Point within the service territory of a Non-Opt In Entity (NOIE) or within a Private Use Network.
- (2) “IDR Meter” refers to Interval Data Recorder meters measuring energy consumption in 15-minute intervals. Other types of metering capable of measuring energy consumption in 15-minute intervals may be substituted for IDR Meters upon ERCOT’s approval.
- (3) “EILS web page” refers to the material located at this web address:  
[www.ercot.com/services/programs/load/eils/index.html](http://www.ercot.com/services/programs/load/eils/index.html).

### ***B. Background Information***

- (1) ERCOT procures EILS as an emergency Load reduction service to decrease the likelihood of the need for firm Load shedding (a.k.a, “rolling blackouts”) which is the final step ERCOT takes in the Emergency Electric Curtailment Plan (EECP). EILS offers capacity payments to qualified Load Resources who make themselves available for interruption. ERCOT will also deploy EILS Resources immediately following firm Load shedding if ERCOT System conditions do not allow time for ERCOT to issue Dispatch Instructions to QSEs representing EILS Resources prior to the firm Load shedding.
- (2) ERCOT procures EILS for EILS Contract Periods. The standing EILS Contract Periods consist of four months, as follows:
  - a. June 1 through September 30;
  - b. October 1 through January 31; and
  - c. February 1 through May 31.ERCOT may restructure EILS Contract Periods in order to facilitate additional Load participation in EILS. ERCOT will provide Notice of any changes to the standing EILS Contract Periods no less than ninety (90) days prior to the start date of that EILS Contract Period. The standing Contract Periods are in effect as of the date ERCOT issued the RFP for the upcoming EILS Contract Period.
- (3) The start time for each EILS Contract Period will be 0000:01. The stop time for each EILS Contract Period will be 2400:00.

- (4) ERCOT shall solicit EILS bids and QSEs on behalf of EILS Resources may submit bids for one or more EILS Time Periods as defined by ERCOT in the RFP specific to the EILS Contract Period. For the EILS Contract Period covering the months of February through May, 2008, EILS is procured for two Time Periods covering the following hours:<sup>4</sup>
  - a. Business Hours, comprising the hours ending 0900 through 2000, Monday through Friday except ERCOT Holidays.
  - b. Non-Business Hours, comprising all other hours.
- (5) ERCOT will issue an RFP to procure up to 1,000 megawatts (MWs) of EILS capacity for each Time Period within each EILS Contract Period.
- (6) ERCOT will select EILS Resources for each Time Period within a EILS Contract Period based upon least cost per MW of capacity bid.
- (7) ERCOT will consider geographic location and its potential effect on Zonal Congestion or Local Congestion in selecting EILS Resources. ERCOT may reject a bid if, in ERCOT's estimation, the location of the prospective EILS Resource may cause significant Congestion.
- (8) Pursuant to PUCT Subst. R. §25.507, in order to minimize the cost of EILS, ERCOT may reject any bid it determines it unreasonable or outside the parameters of an acceptable bid.
- (9) ERCOT will award contracts to be paid as bid for selected EILS Resources.
- (10) ERCOT may prorate awards when there are more MWs available at a given price than ERCOT can procure under the 1,000 MW limit. Bidding QSEs may indicate, in a designated space on the Registration & Proposal Form, a minimum number of MWs they are willing to have selected for an EILS Resource.
- (11) Deployment of EILS Resources will not result in energy payments other than any Load or Resource Imbalance payments that would normally be due to the QSE representing the Load.
- (12) EILS is subject to an annual EILS Cost Cap of \$50 million covering the months of February through January.
- (13) ERCOT may determine cost limits for each EILS Contract Period or each Time Period within each EILS Contract Period in order to ensure that the EILS Cost Cap is not exceeded.

### ***C. Qualification***

- (1) In order to qualify as an EILS Resource, a Load must meet the following requirements:

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<sup>4</sup> These Time Periods are unchanged from previous EILS RFPs.

- a. The QSE representing the EILS Resource must submit the EILS Registration/Proposal Form complete with all requested information for each prospective EILS Resource. The Form may be accessed at the ERCOT EILS web page.
- b. The QSE representing the EILS Resource must certify that the capacity being offered into EILS is not capacity that is separately obligated to respond during an EECF event, and receiving a separate reservation payment for such obligation, occurring in the contracted EILS Time Period and EILS Contract Period, as described in the *Prohibition on Other Market Activity* section of this document. The QSE will make this certification by checking a box on the EILS Registration/Proposal form.
- c. ERCOT must receive confirmation of IDR metering for EILS Resources.
  - i. For EILS Resources situated in competitive choice areas of the ERCOT Region, this confirmation will be obtained internally by ERCOT through a review of the EILS Resource's ESI ID meter data for the preceding 12 months.
  - ii. In cases where the Load providing EILS is one of multiple Loads behind a single ESI ID and the measurement of the Load providing EILS is necessary for measurement and verification, as determined by ERCOT, meter data must be provided to ERCOT according to the specifications detailed in the *Metering & Meter Data* section of this document.
  - iii. For EILS Resources that are not metered by a dedicated ESI ID in a competitive choice area of the ERCOT Region, including those situated in territories served by Non-Opt-In Entities (NOIEs) or within private use networks, meter data must be provided to ERCOT according to the specifications detailed in the *Metering & Meter Data* section of this document.
- d. ERCOT must review IDR data covering the most recent available twelve (12) month period to confirm whether the Load is eligible for the default baseline or the alternate baseline (as described in the Baselines section of this document).
- e. This IDR meter data review will also validate or determine the prospective EILS Resource's maximum bid capacity amount.
  - i. ERCOT, in its sole discretion, may validate a bid from an EILS Resource that does not have 12 months of available IDR data if it determines with reasonable confidence that the EILS Resource is capable of meeting its availability and performance obligations. In such cases ERCOT may rely on available data as described in the *Metering & Meter Data* section of this document.

- ii. A prospective EILS Resource that has had a material change in its energy consumption patterns within the preceding 12 months should include a detailed description of such change as an attachment to its Registration/Proposal Form.

#### ***D. Bidding***

- (1) Bids to provide EILS shall be submitted on the EILS Registration/Proposal Form, distributed to QSEs along with the RFP and also posted to the ERCOT EILS web page. Each form must be completed in its entirety.
- (2) An EILS bid must be submitted by a QSE representing a prospective EILS Resource.
- (3) The minimum amount of EILS interruptible Load capacity that may be offered in a bid is one (1) MW.
- (4) Submitting QSEs may submit multiple EILS bids for any EILS Contract Period. However, the same Load capacity from an ESI ID may not be bid more than once per EILS Contract Period/Time Period combination.
- (5) EILS bids may be for one or more Time Periods in a EILS Contract Period. Submitting QSEs must bid a single price for providing service during a specific Time Period, but may bid different prices for providing service in different Time Periods. A bid constitutes a commitment to provide EILS for all hours within the Time Period.
- (6) Submitting QSEs may aggregate multiple Loads to constitute an EILS Resource provided that each Load in an EILS Resource aggregation meets all technical requirements described herein. Aggregated EILS Resource bids must be submitted using the appropriate portion of the Registration/Proposal Form.
- (7) Bids submitted by EILS Resources comprising or including Loads not metered by dedicated ESI IDs located within a competitive choice area of the ERCOT Region must be accompanied by the appropriate meter data, as described in the *Metering & Meter Data* section of this document.
- (8) Bids must be accompanied by a declaration by the EILS Resource of its Minimum Base Load, defined as the level of Load below which the EILS Resource is unwilling to operate, expressed in MW. This number may be less than a MW, expressed as a percentage of a MW, and may be zero. The declared Minimum Base Load will be used by ERCOT in conjunction with ERCOT's evaluation of interval meter data to validate the bid of a prospective EILS Resource and to determine the availability factor of an EILS Resource following a EILS Contract Period. An EILS MW bid should always be less than or equal to the EILS Resource's projected minimum overall Load minus its declared Minimum Base Load. For EILS Resources assigned to the

alternate baseline (see *Baselines* section), the declared Minimum Base Load represents the Load level at or below which the EILS Resource must curtail in a deployment event.

- (9) If an EILS bid is submitted for a Load registered as a Load Acting as a Resource (LaaR), the QSE should include with the bid a list of the specific hours that the LaaR was deployed via ERCOT instruction or Under Frequency Relay trip in the previous 12 months. These hours will be excluded from the availability analysis in the bid validation process.

#### ***E. Bid Validation***

- (1) ERCOT will evaluate the historic meter data of the prospective EILS Resource to determine which baseline (the default baseline or the alternate baseline, as detailed below) the EILS Resource will be assigned.
- (2) ERCOT will also analyze seasonal historic meter data in conjunction with the EILS Resource's declared Minimum Base Load to validate the MW capacity of the EILS Resource's bid.
- (3) ERCOT, in its sole discretion, may adjust downward the MW capacity of a QSE's bid. ERCOT will advise QSEs of any downward adjustments to their EILS MW bid capacity prior to award notification.
- (4) ERCOT will not adjust a QSE's MW bid upward but rather will advise the QSE of the QSE's option to do so. In cases involving EILS Resources assigned to the alternate baseline (see *Baselines* section), QSEs will have the option of affirming the original offer or changing either the MW bid or the declared Minimum Base Load.
- (5) If ERCOT's bid validation process results in a downward adjustment to the QSE's EILS MW bid capacity, there is no penalty to the QSE.
- (6) A QSE may withdraw its bid if ERCOT adjusts downward the QSE's EILS MW bid capacity to a level at which the QSE chooses not to provide EILS for that EILS Resource.
- (7) If ERCOT adjusts the MW capacity of an EILS bid and the adjustment calculation results in a fraction of a MW, standard rounding will be employed to establish the EILS award at an integer. However, this provision does not apply to the Protocol requirement that an EILS bid must be at least 1 MW. An adjustment that results in a validated MW bid of less than 1 MW will result in rejection of that bid.

#### ***F. Metering & Meter Data***

- (1) All EILS Resources, including all Loads comprising an aggregated EILS Resource, must be metered with a dedicated IDR meter unless "a statistically

valid alternative to universal IDR metering for measurement and verification consistent with industry best practices can be developed and approved by ERCOT.”<sup>5</sup> ERCOT Staff has not yet developed and approved guidelines for such alternatives and, therefore, will not validate EILS bids from non-IDR metered Loads for this EILS Contract Period.<sup>6</sup>

- (2) For ESI IDs of EILS Resources, including aggregated EILS Resources, situated in competitive choice areas of the ERCOT Region, ERCOT will analyze at least 12 months of historic meter data. This data is stored in the ERCOT computers and will be accessed by ERCOT using the ESI ID number provided in the EILS Registration/Proposal Form.

*EILS Resources in NOIE Territories*

- (3) QSEs representing EILS Resources located in a territory served by a NOIE are responsible for arranging, preferably with the NOIE transmission and distribution service provider (TDSP), to provide ERCOT with the most recently available twelve (12) months of 15-minute IDR meter data. The data must be provided in a format that complies with the “Interval Data Submission Criteria” described below.
  - a. ERCOT reserves the right to request additional meter data (i.e., more than 12 months of data) if, in its sole discretion, it determines that the initially provided data is insufficient to allow the ESI ID to be accurately assigned to one of the EILS baselines or to validate the MW capacity bid amount.
  - b. If at least 12 months of 15-minute IDR meter data for a prospective EILS Resource in a NOIE service territory are not available, the submitting QSE must arrange to provide ERCOT with as much detailed meter data from the preceding period of up to 24 months as is available. The EILS Resource and the meter-reading entity, preferably the NOIE TDSP, as appropriate, must consult with ERCOT using the [EILS@ercot.com](mailto:EILS@ercot.com) email inbox to determine the proper format for any meter data submitted that is not 15-minute IDR meter data. (Note: Data from prospective EILS Resources located within NOIE service areas will be used only for EILS bid analysis and performance measurement purposes and will not be used for market settlement.)
  - c. QSEs representing EILS Resources with ESI IDs situated in a NOIE service territory are required to provide ERCOT with 15-minute IDR meter data for the EILS Resource ESI IDs, covering an entire EILS

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<sup>5</sup> PUC Subst. R. §25.507 (c)(2)(b).

<sup>6</sup> ERCOT Staff will collect input from Market Participants and demand response providers as it develops these guidelines with the goal of enabling participation by non-IDR metered Loads for the June-September 2008 Contract Period.

Contract Period, no later than 35 calendar days after the final day in a EILS Contract Period, in the prescribed format.

- d. If the meter data for an EILS Resource in a NOIE service territory is not submitted by the NOIE TDSP, the data must be validated and accompanied by an affidavit signed by a licensed Professional Engineer, and must be consistent with all requirements for EILS Resources within Private Use Networks as described below.

*EILS Resources within Private Use Networks*

- (4) QSEs representing EILS Resources located within a Private Use Network must submit to ERCOT 15-minute IDR meter data validated and accompanied by an affidavit signed by a licensed Professional Engineer. Such data must be specific to the Load serving as the EILS Resource, must cover the most recently available twelve (12) months of service, and must be provided in a format that complies with the “Interval Data Submission Criteria” described below.
  - a. ERCOT reserves the right to request additional meter data (i.e., more than 12 months of data) if, in its sole discretion, it determines that the initially provided data is insufficient to allow the prospective EILS Resource to be accurately assigned to one of the EILS baselines or to validate the capacity bid amount.
  - b. If at least 12 months of 15-minute IDR meter data is not available from the EILS Resource situated within a Private Use Network, the submitting QSE must provide ERCOT with as much detailed meter data from the preceding period of up to 24 months as is available. The EILS Resource must consult with ERCOT using the [EILS@ercot.com](mailto:EILS@ercot.com) email inbox to determine the proper format for any meter data submitted that is not 15-minute IDR meter data.
  - c. Prospective EILS Resources situated within a Private Use Network are required to provide ERCOT with Load-specific 15-minute IDR meter data for the EILS Resource covering an entire EILS Contract Period, no later than 35 calendar days after the final day in a EILS Contract Period, in the prescribed format.

*Interval Data Submission Criteria*

- (5) Fifteen minute interval data must be provided to ERCOT in a comma separated value (“csv”) file format as shown in the file entitled “IDR\_dataformat.csv,” available at the EILS web page.
- (6) The assigned ESI ID or unique service identifier must appear in the first field of each data record. If multiple IDR meters are aggregated for that ESI ID, the

data from those meters must be aggregated and provided to ERCOT in aggregated form.

- (7) Data from multiple ESI IDs or unique service identifiers may be included in a single file or multiple files; data must be sorted by identifier and date.
- (8) Unit of measure for the interval data should be kWh.
- (9) Interval data must be provided as one row per day. All days except the spring and fall daylight saving time days must have 96 intervals per day. Any missing intervals must be specified with a blank. The spring daylight saving time day must have 92 intervals, with the last 4 intervals of the day coded as blanks. The fall daylight saving time day must have 100 intervals.

#### ***G. Communications Systems***

- (1) Any QSE representing an EILS Resource must be capable of communicating with its EILS Resources within the prescribed time constraints for deployment of EILS.
- (2) Any QSE representing EILS Resources must be capable of receiving an ERCOT Verbal Dispatch Instruction (VDI) via the “QSE Hot Line” over the ERCOT Wide Area Network (WAN) during any hours in which it has committed EILS Resources. Such QSEs must establish a WAN connection and execute a WAN agreement with ERCOT.<sup>7</sup> Installation and enablement of the WAN connection at the QSE’s site is the full responsibility of the QSE. Any QSE currently certified as a Level 4 QSE, or with an existing agreement and connection within the ERCOT Wide Area Network (WAN), meets this requirement.
- (3) When ERCOT issues Dispatch Instructions regarding EILS, QSEs shall instruct their committed EILS Resources to deploy 100% of their contracted capacity. QSEs are fully responsible during all contracted hours for communicating Dispatch Instructions to the contracted EILS Resources they represent.
- (4) EILS Resources are not subject to the modeling, telemetry and Resource Plan requirements of other ERCOT Resources.

#### ***H. Availability***

- (1) EILS Resources are expected to be online and available for curtailment of their full committed capacity in an EILS deployment event for all contracted hours within a EILS Contract Period. Within forty-five (45) days after the end

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<sup>7</sup> WAN requirements are detailed in Sec. 8.3.1 of the ERCOT Operating Guides.

of an EILS Contract Period, ERCOT will conduct an availability review for each EILS Resource contracted for that EILS Contract Period. In its availability review, ERCOT will determine an “availability factor” for each EILS Resource in that EILS Contract Period.

- (2) For an EILS Resource assigned to the default baseline (as described in the *Baselines* section below), ERCOT will determine the availability factor by calculating the number of hours an EILS Resource was available as contracted during the EILS Contract Period divided by the total number of committed hours in the EILS Contract Period. ERCOT will consider the EILS Resource to have been available as contracted for any hour in which the EILS Resource’s IDR-metered Load was greater than 95% of its contracted EILS MW capacity (awarded bid capacity plus declared Minimum Base Load); otherwise, the EILS Resource will be considered unavailable for that hour.
- (3) For an EILS Resource assigned to the alternate baseline (as described in the *Baselines* section below), ERCOT will determine the EILS Resource’s availability factor by evaluating the EILS Resource’s IDR data from the EILS Contract Period. The availability factor will be the ratio, expressed as a percent, of the EILS Resource’s hourly average Load for its committed hours minus its declared Minimum Base Load to its MW bid for the EILS Contract Period, provided that the availability factor shall not be greater than one (1).
- (4) The following hours will be excluded from the total number of committed hours in ERCOT’s calculations of an EILS Resource’s availability factor:
  - a. Any hours for which the EILS Resource’s QSE notified ERCOT of the EILS Resource’s unavailability, consistent with the requirements described in the *Scheduled Periods of Unavailability* section below, up to a maximum of two percent of the total contracted hours in the EILS Contract Period;
  - b. Any hours in which an EECF was in effect, starting with initiation of Step 1 and including the full 10-hour EILS recovery period, if applicable;
  - c. Any hours in which an EILS full Load shedding test (see *Testing and Compliance* section of this document) was conducted and the 10-hour recovery period following the test; and
  - d. Any hours following the second EILS deployment in a EILS Contract Period or following the 10<sup>th</sup> hour of an EILS deployment in an EILS Contract Period.
- (5) The availability factor for an EILS Resource in a EILS Contract Period shall be used to determine, in part, the capacity payment for the EILS Resource for that EILS Contract Period. An availability factor of 95% or greater for an EILS Resource shall result in no reduction in capacity payment for the EILS Resource (*i.e.*, ERCOT shall set the availability factor at one (1)). An availability factor of less than 95% shall result in an adjustment to the

capacity payment due to the EISL Resource for that EILS Contract Period equal to the full capacity payment multiplied by the availability factor.

- (6) The calculations to determine the availability factor to be used for settlement purposes are described in detail in Sec. 6.10.13.3 (3) of the Protocols.
- (7) In any EILS Contract Period in which ERCOT has issued one (1) or more EIL Dispatch Instructions, if an EILS Resource meets its performance obligations as described in the “Deployments” section of this document, its availability factor shall be set at its actual availability factor or 0.50, whichever is greater.

### ***I. Scheduled Periods of Unavailability***

- (1) An EILS Resource may schedule in advance with ERCOT periods of unavailability for up to two percent (2%) of its total committed hours in a EILS Contract Period. These scheduled periods of unavailability must be communicated to ERCOT by an authorized representative of the EILS Resource or its QSE at least five (5) Business Days prior to the day of the period of unavailability, via email using the Scheduled Period of Unavailability Form provided by ERCOT and posted at the ERCOT [EILS](#) web page. The completed form should be emailed to: [EILS@ercot.com](mailto:EILS@ercot.com). ERCOT will send a confirmation of receipt via return email.
- (2) Any hours of unavailability properly noticed to ERCOT, up to the 2% maximum, will be excluded from the hours used to calculate the EILS Resource’s availability factor for that EILS Contract Period.
- (3) Submission of a notice of a Scheduled Period of Unavailability is an indication by the EILS Resource that its Load will be off, or materially reduced, during the scheduled period. This provision is not intended to allow the EILS Resource to stay on-line during an EILS Dispatch Instruction.
- (4) A QSE representing an EILS Resource must continuously be aware of and capable of reporting to ERCOT the status of any contracted EILS Resource in its portfolio. If there is any material change in the availability status of an EILS Resource at any time, the QSE must communicate this change in status to ERCOT, via the [EILS@ercot.com](mailto:EILS@ercot.com) email inbox, irrespective of whether the notification is submitted via the Scheduled Period of Unavailability form at least five Business Days in advance or whether the EILS Resource has already exceeded its allowed 2% of hours of unavailability for that EILS Contract Period.
- (5) Unless ERCOT has received a notice of a Scheduled Period of Unavailability, or has otherwise received notice from the EILS Resource or its QSE that the Load is off-line or materially reduced, ERCOT will assume that the contracted EILS Resource is on-line and fully available for curtailment.

### ***J. Deployment***

- (1) ERCOT will issue a VDI for EILS no earlier than Step 3 of an EECF event (as defined in Sec. 5.6.7 of the Protocols). If events do not permit ERCOT to issue the VDI for EILS prior to the implementation of Step 4 of an EECF event as described in Section 5.6.7 of the Protocols (firm Load shedding), ERCOT will issue a VDI for EILS immediately after the firm Load shedding instruction. ERCOT may issue an EILS VDI at any time during a settlement interval.
- (2) An EILS Resource assigned to the default baseline must reduce its Load by its contracted capacity compared to its baseline capacity within ten (10) minutes of the ERCOT VDI for EILS.
- (3) An EILS Resource assigned to the alternate baseline must reduce its Load to its declared Minimum Base Load or below within ten (10) minutes of the ERCOT VDI for EILS.
- (4) The 10-minute deployment period begins at the point during the VDI call over the All-QSE Hot Line at which the ERCOT System Operator states the EILS Dispatch Instruction. This point will be determined by ERCOT Staff upon review of the time-stamped recording of the VDI.
- (5) EILS Resources must maintain their full contracted Load reduction for the entire period of the ERCOT EILS deployment.

### ***K. Performance Validation***

- (1) ERCOT will validate the performance of the EILS Resource in a deployment event by calculating an event performance factor. The event performance factor is the arithmetic average of the EILS Resource's interval performance factors for the event,<sup>8</sup> as calculated by ERCOT using 15-minute IDR meter data. The event performance factor calculation will begin with the interval in which the 10-minute EILS deployment period expires and will end with the interval in which ERCOT issues the release instruction.
- (2) Performance will be evaluated specific to the baseline to which the EILS Resource has been assigned. Interval performance factors will be calculated as follows:
  - a. For EILS Resources assigned to the default baseline, ERCOT will calculate interval performance factors by subtracting the EILS Resource's actual Load for each interval from its baseline for that interval, and dividing that number by its commitment (bid amount in MWh). The result will be an interval performance factor for each interval of the event, capped at 1.0 and expressed as a number between 0 and 1.0.

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<sup>8</sup> Methodology is detailed in Section 6.10.13.3 (4) of the Protocols as amended by PRR 705.

- b. For EILS Resources assigned to the alternate baseline, ERCOT will calculate the EILS Resource's interval performance factors by dividing the declared minimum Base Load by the actual Load for each interval. The result will be an interval performance factor for each interval of the event, capped at 1.0 and expressed as a number between 0 and 1.0.
- (3) For purposes of evaluating performance in an EILS deployment, access by ERCOT to meter data from EILS Resources not metered by a dedicated ESI ID is subject to the requirements detailed in the *Metering & Meter Data* section of this document.
- (4) For aggregated EILS Resources, performance will be based on the summed total of the IDR meter data for all ESI IDs within the aggregation, relative to the established baseline for the aggregated EILS Resource.
- (5) The performance of an EILS Resource within a Private Use Network will be evaluated based on two factors:
  - a. The Load reduction achieved by the EILS Resource itself, based on the 15-minute IDR meter data collected at the Load site ESI ID.
  - b. The net injection of energy into the ERCOT System at the Private Use Network's tie point. This net energy injection should equal or exceed the EILS Resource's obligated Load reduction.
- (6) The EILS deployment period will end at the time ERCOT issues a release instruction to QSEs representing EILS Resources, via a VDI over the All-QSE Hot Line. The ERCOT System Operator will confirm issuance of the release instruction to all parties on the Hot Line call. Upon receipt of this release instruction, EILS Resources will have 10 hours to return to a Load level that will allow them to meet their contracted obligation under this program.
- (7) An EILS Resource will be subject to a maximum of two (2) deployments per EILS Contract Period and a maximum of eight (8) hours of deployment per EILS Contract Period. The eight-hour limit does not apply if an EILS deployment is still in effect when the eighth hour lapses. In these cases, the EILS Resource must remain reduced until ERCOT issues the release VDI via the All-QSE Hot Line or otherwise releases the EILS Resources.<sup>9</sup>
- (8) If an EILS VDI remains in effect during a transition from one Time Period to another, deployed EILS Resources shall remain off-line until released by ERCOT via a new VDI. QSEs representing EILS Resources obligated in the new Time Period shall not deploy those EILS Resources unless instructed to do so by ERCOT via a new, separate VDI. ERCOT operators will make reasonable efforts to release EILS Resources no longer obligated due to the expiration of a Time Period, but will retain flexibility during these events to ensure ERCOT System reliability.

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<sup>9</sup> See PUC Subst. R. §25.507(c)(4)(C).

- (9) Following a deployment event, ERCOT will evaluate IDR meter data for all EILS Resources to determine whether they complied with their curtailment obligations under this program. To determine compliance, ERCOT will calculate an event performance factor, which may be any number from zero (0) to one (1), inclusive, for each EILS Resource, using the formulas defined in Sec. 6.10.13.3 (4) of the Protocols. The capacity payment due to the EILS Resource will be adjusted, using the event performance factor calculation, according to the formula described in Section 6.8.6 of the Protocols.
- (10) An EILS Resource receiving an event performance factor of less than 0.95 will be deemed to have failed to meet its deployment obligation for that EILS deployment event. The event performance factor is intended to reflect the severity of the EILS Resource's failure to meet its deployment obligation. However, in recognition of the possibility that the true severity of the failure may not be captured in the mathematical calculation of the event performance factor, ERCOT may, in its sole discretion, adjust the EILS Resource's event performance factor to represent more accurately or appropriately the severity of the failure.
- (11) In the event an EILS Resource does not meet its performance obligations according to the appropriate methodology described above, ERCOT may, in its sole discretion, adjust the EILS Resource's event performance factor to reflect the severity of the failure.<sup>10</sup>
- (12) An EILS Resource meeting its performance obligations in an EILS deployment event shall not be subject to a full Load-shedding test, as described in the *Testing and Compliance* section of this document, for at least the following 365 days.

#### ***L. Penalties for Non-Compliance***

- (1) ERCOT will impose penalties for the failure of EILS Resources to meet their EILS obligations. Such penalties may be based on either a failure by the EILS Resource to meet its performance obligations during an EILS deployment event or on a failure by the EILS Resource to meet its obligations for availability during a EILS Contract Period. ERCOT may impose penalties on an EILS Resource or on a QSE representing an EILS Resource.
- (2) Following a determination that an EILS Resource failed to meet its performance or availability obligations, ERCOT will take the following actions:<sup>11</sup>
  - a. ERCOT shall withhold all or part of the capacity payment otherwise due to the EILS Resource for the EILS Contract Period. This penalty

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<sup>10</sup> See Protocols Sec. 6.10.13.3(4)(e).

<sup>11</sup> See PUC Subst. R. §25.507(e).

provision is irrespective of and may be applied in addition to any capacity payment reduction(s) related to the EILS Resource's availability factor and/or event performance factor, as described in Sec. 6.8.6 of the Protocols.

- b. ERCOT shall suspend the qualification of an EILS Resource and/or its QSE from participation in the EILS for six (6) months, as follows:
    - i. If ERCOT determines that an EILS Resource failed to meet its EILS performance or availability obligations, and is solely responsible for such failure, ERCOT shall suspend the EILS Resource's qualification to participate in EILS for six (6) months.
    - ii. If ERCOT determines that a QSE representing an EILS Resource was solely responsible for the EILS Resource's failure to meet its EILS performance or availability obligations, ERCOT shall suspend the QSE's ability to represent EILS Resources for six (6) months.
    - iii. If ERCOT determines that an EILS Resource and its QSE were jointly responsible for the EILS Resource's failure to meet its EILS performance or availability obligations, ERCOT may suspend both entities from participation in EILS for six (6) months.
  - c. If the EILS Resource or QSE is actively providing EILS at the time ERCOT determines that it failed to meet its obligations, the six-month suspension period shall commence at the end of the current EILS Contract Period. If the EILS Resource or QSE is not providing EILS at the time ERCOT determines that it failed to meet its obligations, the six-month suspension period shall begin immediately upon ERCOT's notification to the QSE and/or the EILS Resource of the finding.
- (3) The above penalties apply to single-Load EILS Resources and aggregated EILS Resources. If an aggregated EILS Resource is penalized, the penalty will apply to all Loads within the aggregation.
  - (4) ERCOT may consider mitigating factors such as equipment failures and Force Majeure Events in determining whether to assess the penalties described in this section.
  - (5) In addition to the above-referenced penalties, EILS Resources should also be aware that a failure to meet their performance obligations in an EILS deployment event will constitute a violation of the ERCOT Protocols and may, therefore, be subject to administrative penalties by the PUCT.
  - (6) A suspended EILS Resource may be reinstated only after satisfactorily performing a Load-shedding test conducted by ERCOT, as described in the *Testing & Compliance* section of this document.

***M. Testing and Compliance***

- (1) ERCOT may conduct a full Load-shedding test of any contracted EILS Resource at any time at ERCOT's discretion. Such tests may be unannounced and unscheduled. The ERCOT operator will issue a VDI to the QSE to deploy the EILS Resource. The QSE and the EILS Resource will have 10 minutes to comply with the full Load shedding test instruction by actually shedding the EILS Resource's committed Load capacity relative to its assigned baseline.
- (2) ERCOT will make all reasonable efforts to limit the duration of an EILS full Load shedding test to one single 15-minute interval, exclusive of the 10-minute deployment period.
- (3) EILS Resources will have 10 hours following the completion of a full Load shedding test to return to availability. Those 10 hours will be excluded from the calculation of the EILS Resource's availability factor.
- (4) An EILS Resource successfully completing an ERCOT-conducted full Load-shedding test shall not be subject to an additional full Load-shedding test for at least three-hundred and sixty-five (365) days.
- (5) ERCOT will validate the results of the test via the methodology detailed in Section 6.10.13.3 (4) of the Protocols, using 15-minute IDR meter data, which is the same methodology used to verify compliance in an actual EILS deployment event. Access to the meter data by ERCOT or submission of the meter data to ERCOT are subject to the same requirements detailed in the *Metering & Meter Data* section of this document.
- (6) For EILS Resources assigned to the default baseline, a full Load-shedding test shall be deemed to be successful if the EILS Resource sheds at least 95% of its contracted Load relative to its assigned baseline within 10 minutes of the Dispatch Instruction and remains at that Load level until released by ERCOT.
- (7) For EILS Resources assigned to the alternate baseline, a full Load-shedding test shall be deemed successful if the EILS Resource sheds Load to a level at or below its declared Minimum Base Load within 10 minutes of the Dispatch Instruction and remains at that Load level until released by ERCOT.
- (8) A full Load-shedding test will not be counted as one of the EILS Resource's two maximum deployments in a EILS Contract Period.
- (9) An EILS Resource failing to deliver its contractually committed Load in a full Load-shedding test will be subject to an additional similar test, unannounced and unscheduled, within the following 30 days. If the EILS Resource fails to deliver its contractually committed Load in the subsequent test, ERCOT may subject the EILS Resource to the penalties as described in the Penalties for Non-Compliance section of this document.

- (10) An EILS Resource suspended for failure to deliver its contractually-committed Load in a full Load-shedding test may be reinstated only after satisfactory completion of a full Load-shedding test conducted by ERCOT following its suspension period.
- (11) An EILS Resource successfully meeting its performance obligations in an EILS deployment event shall not be subject to a full Load-shedding test for at least three-hundred and sixty-five (365) days.

#### ***N. Baselines***

- (1) Each EILS Resource, including each ESI ID within an aggregated EILS Resource, will be assigned to its own unique baseline. The baseline has two purposes: (1) to assist in verifying or establishing an EILS Resource's maximum bid capacity; and (2) to verify the EILS Resource's performance, as compared to its contracted capacity, during an EILS deployment event.
- (2) The EILS program has two baseline methodologies: default and alternate. At the time of bid submission, ERCOT will evaluate IDR meter data from prospective EILS Resources to determine whether they will be assigned to the default baseline or the alternate baseline. Based on ERCOT's analysis of data in assigning an EILS Resource to a baseline methodology, ERCOT may adjust downward the amount of capacity an EILS Resource may be awarded in a given EILS Contract Period (see the *Bid Validation* section of this document).
- (3) All ESI IDs within an aggregated EILS Resource must be assigned to the same baseline methodology (default baseline or alternate baseline), as determined by ERCOT. An aggregated EILS Resource may not consist of Loads assigned to a combination of the two baselines.
- (4) Model spreadsheets representing ERCOT's baseline calculations for specific EILS Resources will be available upon request to the QSEs representing the EILS Resources. This applies to calculations for assigning EILS Resources to the default or alternate baseline methodology and to baseline analysis following an EILS deployment event.

#### ***Default Baseline***

- (5) The primary goal of the default baseline is to accurately estimate an EILS Resource's level of electric energy consumption under "business as usual" conditions at any given moment in time. This estimate can then be developed for the EILS Resource's Load at the moment of EILS deployment and used to measure its performance throughout the deployment period against its estimated Load in those normal conditions.
- (6) The default baseline applies the methodology and software used for the development and support of ERCOT's Load profiles to develop EILS

Resource-specific models. In addition to using the EILS Resource's 15-minute IDR meter data (including historic data plus data for the time periods preceding and following the deployment event), the model inputs for the default baseline fall into three general categories: weather-related variables (e.g., temperature, dew point, wind speed, cloud cover); calendar-related variables (e.g., day of week, holiday, season); and daylight/darkness variables (sunrise and sunset time). ERCOT, at its sole discretion, may use other data variables in the baseline formula if ERCOT determines the additional data will enhance the accuracy of the baseline. This combination of inputs will yield interval-by-interval Load estimates for each ESI ID comprising an EILS Resource and provide the most accurate possible benchmark for evaluating the performance of an EILS Resource in a deployment event.

- (7) The methodology for developing the baseline formula is documented and published at the EILS web page. Prospective EILS Resources may use this methodology for estimating their own specific baseline for a particular day or event. Specific baselines unique to individual EILS Resources will remain confidential. Upon request, ERCOT shall provide the historical data used to develop a specific baseline for an EILS Resource to the EILS Resource or its Authorized Representative.
- (8) For aggregated EILS Resources assigned to the default baseline, ERCOT will establish a baseline for each ESI ID in the aggregation. ERCOT will then develop an aggregated EILS Resource baseline by summing the baselines of the individual ESI IDs in the aggregation. ERCOT shall verify the performance of an aggregated EIL Resource at the EILS Resource level.

#### *Alternate Baseline*

- (9) If, in ERCOT's sole discretion, a sufficiently accurate baseline cannot be established due to the characteristics of the Load or Loads within an EILS Resource, ERCOT will assign the EILS Resource to the alternate baseline formula. ERCOT may also assign an EILS Resource to the alternate baseline if it determines the alternate baseline will be at least as accurate as the default baseline and easier to administer.
- (10) Under the alternate baseline formula, ERCOT will calculate an EILS Resource's average (mean) IDR-metered Load (MWh) over the most recently available twelve (12) month period. ERCOT will establish a maximum MW bid capacity for each such EILS Resource for the applicable EILS Time Period based upon the difference between this average Load calculation (MWh) and the EILS Resource's declared Minimum Base Load (MWh).
  - a. If, during bid validation, ERCOT determines that the MW capacity bid from an EILS Resource that ERCOT assigns to the alternate baseline is capable of being adjusted upward, ERCOT will contact the QSE to affirm

the original offer or negotiate a change in either the MW bid or the declared Minimum Base Load.

- (11) When deployed by ERCOT, an EILS Resource assigned to the alternate baseline shall reduce Load to a level at or below its declared Minimum Base Load, regardless of how much actual Load the EILS Resource has on-line at the time of deployment.

***O. Prohibition on Other Market Activity***

- (1) The contracted capacity of an EILS Resource for any hours the EILS Resource is committed may not be used to provide any other Ancillary Service including Balancing Energy Service. Additionally, a Load may not participate in EILS if it is receiving one or more separate reservation payments obligating the same capacity to respond during an ERCOT EECF event during the same Time Period within an EILS Contract Period. This provision applies to Load behind the EILS Resource's dedicated IDR meter, but does not prohibit the entity owning or controlling the EILS Resource from providing another service if the Load providing the other service is separately metered and not under EILS contract.

***P. Payment***

- (1) Formulas detailing the capacity payment methodology for EILS appear in Sec. 6.8.6 of the ERCOT Protocols. ERCOT will assess the settlement payment for each QSE representing EILS Resources for each EILS Contract Period on the Initial Statement for an Operating Day no later than seventy (70) days after the last Operating Day of the EILS Contract Period. (This Operating Day thus will be unrelated to the actual EILS Contract Period.)
- (2) ERCOT will make reasonable efforts to notify each QSE prior to Settlement of the results of ERCOT's calculations of their availability factor and, if appropriate, event performance factor.
- (3) ERCOT will make reasonable efforts to notify QSEs of the approximate Settlement date for each EILS Contract Period via a Market Notice at least one week in advance of the payment date. The date may be provided as a range of possible Settlement dates.
- (4) For dispute purposes, ERCOT and QSEs shall use the Operating Day of the Settlement Statement on which the EILS payment appears. The timeliness of a dispute concerning EILS shall be determined by the Operating Day of the Settlement Statement on which the EILS payment appears.

- (5) EILS costs for an EILS Contract Period will be allocated based on the Load Ratio Share of each QSE during each EILS Time Period in the EILS Contract Period. A QSE's Load Ratio Share for an EILS Time Period in an EILS Contract Period will be the QSE's total Load for the EILS Time Period in the EILS Contract Period divided by the total ERCOT Load in the EILS Time Period in the EILS Contract Period. Each QSE's obligation shall be calculated as described in Sec. 6.9.4.4 of the Protocols. If a QSE representing an EILS Resource defaults or is suspended from providing EILS prior to ERCOT issuing EILS payments for a EILS Contract Period, ERCOT may make the appropriate EILS payment through the alternative mechanisms set forth in the ERCOT Protocols.

***Q. EILS Self-Provision***

- (1) All provisions in this section apply to each Time Period within an EILS Contract Period.
- (2) Self-provision of EILS is open to all QSEs qualified to represent EILS Resources.
- (3) QSEs opting for EILS Self-Provision must submit the EILS Notification of Self-Provision Form<sup>12</sup> so ERCOT receives it by the deadline in the EILS procurement schedule published in the RFP specific to the EILS Contract Period. The Form may be submitted by email (*preferred*), using the [EILS@ercot.com](mailto:EILS@ercot.com) email address. In addition, ERCOT will accept the Forms via courier, U.S. Postal Service, hand-delivery or facsimile (fax number 512-225-7079).
- (4) A QSE electing to self-provide part or all of its EILS obligation shall provide ERCOT the following:
  - a. The maximum MW of Capacity it is willing to offer through EILS Self-Provision, per Time Period;
  - b. A Proxy Load Ratio Share specific to the Time Period and EILS Contract Period.
    - i. "Proxy Load Ratio Share" is defined as a number between zero (0) and one (1) and determined by the self-providing QSE to represent its estimate of its final Load Ratio Share (LRS) to be used in EILS Settlement.
- (5) QSEs should prepare self-provided EILS offers in generally the same manner as competitive EILS bids, with the following exceptions:
  - a. Self-provided EILS offers will not be priced. The word "Self" should be substituted for a monetary price in the appropriate cells on the EILS Registration and Proposal Form.

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<sup>12</sup> The form may be accessed at <http://www.ercot.com/services/programs/load/eils/index.html>.

- b. QSEs may submit both self-provided offers and competitive bids. In such cases, both the self-provided offers and the competitive bids should be submitted simultaneously on separate sheets within the EILS Registration and Proposal Form.
  - i. An aggregated EILS Resource cannot consist of a combination of self-provided offers and competitive bids; all Load within an aggregated EILS Resource must be either competitively bid or self-provided.
- (6) ERCOT will evaluate and treat self-provided EILS offers the same as competitive EILS bids with respect to Qualification, Metering and Meter Data, Availability, Scheduled Periods of Unavailability, Deployments, Testing & Compliance, Baselines, and Prohibition on Other Market Activity, as described in this document.
- (7) QSEs may self-provide EILS Resources as one or more individual EILS Resources, as one or more aggregated EILS Resources, or as a combination of individual EILS Resources and aggregated EILS Resources. Individual Loads within an aggregated EILS Resource, whether competitively bid or part of a Self-Provision offer, must all be capable of being assigned to the same baseline methodology (default baseline or alternate baseline), as determined by ERCOT.
- (8) After receiving all EILS Self-Provision offers, ERCOT will evaluate meter data for the EILS Resources that QSEs have designated for Self-Provision and will validate the Self-Provision offers using the same methodology applied to competitive bid validation. ERCOT will then compute an aggregated validated amount of self-provided EILS capacity for each QSE.
  - a. If ERCOT's aggregated amount of validated self-provided EILS capacity is less than the Self-Provision offer submitted by a QSE and, therefore, requires a downward adjustment to the QSE's offer, there is no penalty to the QSE.
- (9) After validating competitive bids, ERCOT will determine EILS awards to QSEs making competitive bids.
- (10) If the total amount of EILS capacity to be procured through bids and EILS Self-Provision equals 1000 MW, a QSE's original Self-Provision capacity offer will not change.
- (11) If the total amount of EILS capacity procured through bids and EILS Self-Provision totals less than 1000 MW, ERCOT will calculate each self-providing QSE's adjusted commitment level (in MW), based on the QSE's Proxy Load Ratio Share. The QSE's adjusted Self Provision commitment will be no lower than the lowest of three numbers, which shall be calculated by ERCOT as follows:
  - a. *OPTION 1*

The capacity of MW procured by ERCOT through bids divided by one (1) minus the sum of EILS Self-Provision Proxy Load Ratio Shares multiplied by the QSE's Proxy Load Ratio Share.<sup>13</sup>

b. *OPTION 2*

The sum of the capacity procured by ERCOT through competitive bids and the capacity self-provided multiplied by the QSE's Proxy Load Ratio Share.

c. *OPTION 3*

The QSE's validated total MW offer of self-provided capacity.

- (12) After determining each self-providing QSE's adjusted commitment level using the above methodologies, ERCOT will notify each self-providing QSE's authorized representative, via email, of the QSE's adjusted Self Provision commitment.
- (13) Within two Business Days of receiving the above communication from ERCOT, QSEs choosing to reduce their Self Provision commitment must communicate to ERCOT, using the [EILS@ercot.com](mailto:EILS@ercot.com) email inbox, their final EILS Self Provision commitment within the parameters described in Options 1, 2 and 3 above, and specific information about which, if any, EILS Resources' commitment will be reduced.
- (14) The QSE may reduce its self-provided EILS MW to its final EILS Self-Provision commitment as follows:
  - a. By removing one or more specific EILS Resources from its Self Provision offer;
  - b. By reducing the MW commitment of one or more individual EILS Resources; and/or
  - c. By reducing the MW commitment of one or more aggregated EILS Resources.
- (15) Self-provided EILS Resources not metered by a dedicated ESI ID in an area open to competitive choice are subject to the same metering standards and requirements as described in the *Metering & Meter Data* section of this document.
- (16) During an EILS deployment event, NOIEs that are dynamically scheduled and also self-providing EILS must maintain or increase the amount of Generation they have on-line. The ERCOT EILS Dispatch Instruction to a dynamically scheduled NOIE also self-providing EILS Resources shall be considered an instructed deviation so the NOIE is not penalized for maintaining or increasing

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<sup>13</sup> Option 1 and Option 2 calculations are detailed in formulas contained in Section 6.5.12 (3)(d) of PRR 716.

the energy provided by its Generation Resources during the EILS deployment period.

- (17) A self-providing QSE will not be obligated to pay EILS charges so long as it meets both of the following tests:
- a. The QSE's self-provided commitment capacity remains equal to or greater than its final Load Ratio Share of the total EILS capacity procured through bids and EILS Self-Provision;<sup>14</sup> and
  - b. All of the QSE's self-provided EILS Resources meet their availability and performance obligations as described in the Protocols<sup>15</sup> and in the *Testing and Compliance* section of this document.
- (18) A self-providing QSE's Load Ratio Share for an EILS Time Period in an EILS Contract Period will be the QSE's total Load for the EILS Time Period in the EILS Contract Period, divided by the total ERCOT Load in the EILS Time Period in the EILS Contract Period. ERCOT will then compare the QSE's Load Ratio Share for an EILS Time Period in an EILS Contract Period to the amount of EILS Self-Provision by the QSE, as may be adjusted for availability and/or performance as described below, for an EILS Time Period in an EILS Contract Period.
- a. If the EILS Self-Provision amount is equal to the QSE's Load Ratio Share for an EILS Time Period in an EILS Contract Period, the QSE's obligation is zero (0).
  - b. If the EILS Self Provision amount is greater than the QSE's Load Ratio Share for an EILS Time Period in an EILS Contract Period, the QSE's obligation is zero (0).
  - c. If the EILS Self-Provision amount is less than the QSE's Load Ratio Share for an EILS Time Period in an EILS Contract Period, the QSE's obligation is the difference between the EILS Self-Provision amount and the QSE's Load Ratio Share.
- (19) ERCOT will calculate each self-providing QSE's Settlement obligation as follows:
- a. If a self-provided EILS Resource fails to meet its availability requirement for an EILS Contract Period, ERCOT will adjust the EILS Resource's QSE's Settlement obligation to reflect the actual availability factor.<sup>16</sup> A self-provided EILS Resource achieving an availability factor of 0.95 or greater shall be considered to have met its availability requirement.

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<sup>14</sup> See paragraph (1) of Section 6.9.4.4, Settlement Obligation for Emergency Interruptible Load Service, in PRR 716.

<sup>15</sup> Protocols Section 6.10.13.3, Performance Criteria for EILS Resources.

<sup>16</sup> This adjustment will be accomplished by modifying the term "SP" in the Settlement equation in Protocols Section 6.9.4.4 (3), Settlement Obligation for Emergency Interruptible Load Service.

- b. If a self-provided EILS Resource fails to meet its performance requirement for an EILS deployment event, ERCOT will adjust the EILS Resource's Settlement obligation to reflect the actual performance factor.<sup>17</sup> A self-provided EILS Resource achieving an event performance factor of 0.95 or greater shall be considered to have met its performance requirement for that event.
- (20) ERCOT may apply all penalties described in the *Penalties for Non-Compliance* section of this document to self-providing QSEs and/or their EILS Resources if ERCOT determines that either the QSE and/or its self-provided EILS Resources failed to meet performance or availability obligations.
- (21) ERCOT will reduce the EILS Cost Cap,<sup>18</sup> as it applies to future procurement of EILS, by the value of the amount of EILS Self-Provision. ERCOT will calculate the value of EILS Self-Provision by multiplying the weighted average cost per MW of the EILS bids competitively procured by the total MW of EILS Self-Provision.

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<sup>17</sup> Ibid.

<sup>18</sup> See Subst. Rule §25.507(b)(3).