

## Vadie, Henry

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**From:** Mark Smith [msmith@utilitylaw.com]  
**Sent:** Tuesday, January 21, 2003 4:48 PM  
**To:** DemandsideTF@ercot.com  
**Subject:** 1/17 Demand Side Working Group Minutes and Request for Comments

### MINUTES OF THE 1/17 DSWG MEETING

#### Attendees

The following individuals participated in the meeting in person or by phone:

Mark W. Smith, TXI  
Dan Woodfin, ERCOT  
Bill Bojorquez, ERCOT  
Carl Raish, ERCOT  
Paul Wattles, Good Company, Assoc.  
Terry Bates, Oncor  
Patrick Caudill, Air Liquide  
Henry Vadie, Reliant  
Floyd Trefny, Reliant  
Chuck Dodd, Converge  
Jay Zarnikau, Frontier Assoc.  
Jerry Ward, TXU  
Wayne Morrison, Reliant  
Rick Starr, himself  
Danielle Jaussaud, PUC  
Mark Patterson, ERCOT  
Gloria Edwards, ERCOT  
Shawnee Claiborn, PUC  
Marcea Roberts, LCRA  
Denise Stokes, Competitive Assets  
Steve Karina, Nucor

#### 2003 Officers

The WMS on January 10th appointed Mark W. Smith (representing TXI) DSWG Chair for 2003.

The DSWG will recommend to the WMS at the next WMS meeting that Henry Vadie of Reliant serve as Vice-Chair for 2003, and that Jay Zarnikau of Frontier Associates continue to serve as an *ex officio* Vice-Chair for 2003.

#### Use of Demand-Side Resources to Displace Generating Units Being Considered for RMR Status

Bill Bojorquez of the ERCOT staff described ERCOT's proposed transmission planning process. As a part of this process, demand-side resources will be considered possible substitutes for generating units under consideration for reliability-must-run (RMR) status. Of particular interest are the RMR units owned by AEP. It was noted:

·In certain areas (e.g., Laredo), the existing reliability-must-run units need to run fairly often. So, curtailment customers would need to agree to be curtailed fairly often. Thus, it may be difficult to do much on the demand side there.

- In certain other areas (e.g., McCamey), ERCOT needs voltage support. So, demand side resources might not be considered there.

- The existing RMR power plants are getting paid \$23 million per quarter to provide 1,300 MW of capacity.

- ERCOT plans to handle all notification and dispatch activities for loads that are eventually contracted with to provide RMR services.

Jay Zarnikau reviewed a draft Protocol Revision Request (PRR) to enable loads to provide RMR services. Under this PRR, ERCOT would identify locations where demand-side resources could prove useful and conduct a competitive solicitation to invite proposals for demand-side reductions. The following changes to the PRR were suggested:

- Necessary changes to other sections of the Protocols (in addition to Section 6) will be identified.

- A Load that is not necessarily a Load Acting as a Resource will be permitted to submit a proposal.

- ERCOT staff will be permitted greater latitude in establishing a "baseline" from which demand reductions will be measured and any qualification criteria.

Jay agreed to present a revised PRR at the next DSWG meeting.

#### **Load Participation in Ancillary Services Markets**

The ERCOT staff reported that different ESI IDs (5 being non-affiliated companies or entities) are now participating in Ancillary Services markets. A total of 559 MW of demand-side resources have been qualified to provide Responsive Reserve service (i.e., they have active under-frequency relays). Another 160 MW of instantaneously interruptible load is occasionally getting tripped off (because of the presence of an active relay) but has not yet been fully qualified (and is thus not receiving a payment for being interrupted).

According to ERCOT staff, 450-500 MW of instantaneously interruptible load is typically providing responsive reserves at any given time.

Recent ERCOT staff analysis indicates that there may be a need to ensure a certain minimum amount of instantaneously interruptible load if certain conditions pertaining to power plant "droop" settings hold. There was some confusion by ERCOT staff as to the exact findings in the ERCOT analysis. This issue will be revisited in a future DSWG meeting.

Since the amount of instantaneous interruptible load providing Responsive Reserve service may soon exceed the 35% presently permitted by the ERCOT Operating Guides, a means of "rationing" the demand side resource may be needed when that cap is reached.

An additional 150 MW of demand reduction has been qualified to provide a Non-Spinning Reserve service (30 minutes notice).

The BUL program is expected to be up and running on May 2, 2003.

ERCOT hopes to end any "provisional qualification" of demand-side resources by March 31st. We may need some clarification regarding exactly what this means.)

### January 31st PUCT Workshop

Danielle Jaussaud of the PUCT staff proposed an agenda for the upcoming PUCT workshop on demand side issues. Based on the feedback she received, she will circulate an updated proposed agenda shortly.

### Questionnaire to Former Interruptible Customers

Danielle has circulated to the DSWG exploder list a draft questionnaire that will be sent to former interruptible customers to discern their interests and activities toward providing ancillary services in the restructured market. **Comments should be provided to Danielle (or to the DSWG Chair) by Monday, January 27, 2003.**

### Document for Passive Load Response/Self-Directed Loads/Voluntary Curtailment Programs

Vann Weldon's draft of a stand-alone guide to load responses which are not formally used as an ancillary service was discussed. The group agreed that there was a need for a "plain-English" discussion of this concept (whatever we call it). However, there seemed to be a consensus that this write-up should be a component of the existing guide to load participation. Paul Wattles and others agreed to work with Vann to refine the document and integrate it into the existing guide. A revised draft will be circulated and taken up again at a future DSWG meeting.

### Direct Load Control

Carl Raish of the ERCOT staff discussed the Profiling Working Group's activities to recognize the impacts of direct load control programs involving customers without IDRs, and permit such programs to become a BUL resource. The PWG believes that a PRR affecting Section 6 of the Protocols may be necessary. Floyd Trefny of Reliant agreed to review and propose a redraft of the PWG's draft PRR. PWG suggested that DSWG should at this point take charge of the draft PRR. **The redraft will be taken up by the DSWG at the next meeting (February 11, 2003).**

### Request for List of Issues to be Taken Up by DSWG

To facilitate the planning of activities for 2003, Mark Smith requested that each interested party compile and route to the DSTF exploder list (DemandsideTF@ercot.com) a list of the demand-side issues which they want to see addressed by DSWG this year (ranked in priority order.) **The issues lists should be submitted by Monday December 27, 2002.**

### Future DSWG Meetings

Nucor is working on a PRR to "clean up" the requirements and performance standards associated with LaARs desiring to provide Non-Spinning Reserve service. This will be presented at the next DSWG meeting.

The next meeting of the DSWG will be **Tuesday, February 11, 2003**. The prioritization of DSWG issues and a time-table for working the issues and getting proposed deliverables to WMS will be undertaken at this meeting. The meeting will not be held at Metro Center, but instead will likely be at the Comfort Suites.

Notice of the location of the the next meeting will be sent out next week along with the Agenda.

**DSWG meetings have also been scheduled for March 7<sup>th</sup> and April 4<sup>th</sup>.** Those meetings will be held in Room 206 at ERCOT's Metro Center offices.