

PROPOSED MINUTES 4/11/03 DSWG MEETING

The Demand Side Working Group met on April 11, 2003 at the Airport Hilton. The following people were in attendance:

Mark W. Smith, TXI
Garrett Stone, Nucor
Roger Yott, Air Products
Marcia Roberts, LCRA
Steve Madden, Oxy
Keith Emery, Tenaska
Michael Walker, ExxonMobil/Production
Mike Warren, Energy Transfer
Paul Wattles, Good Company Associates
Jerry Ward, TXU
Rick Keetch, Reliant Resources
Danielle Jaussaud, PUC
Carl Raish, ERCOT
Mary Anne Brelinsky, Reliant Resources
Floyd Trefny, Reliant Resources
Ray Stanley, SMI
Jay Zarnikau, Frontier Associates
Nelson Nease, Nucor
Mark Patterson, ERCOT

The proposed March 7, 2003 minutes were adopted without change.

A proposed LaaR provisional certification process PRR was presented by Mary Anne Brelinsky with Reliant Resources. After discussion, it was determined that the scope of the proposed PRR should be expanded to apply to all Ancillary Services. Revised language was developed, and the DSWG voted unanimously in favor of the proposed PRR, as modified. Reliant indicated its intent to file the PRR directly with PRS, in order to get the clock running on it. Mark Smith indicated that he would advise WMS that Reliant was going to file the PRR and request that WMS consider sending PRS a favorable recommendation. Reliant stated that it intends to file the PRR on Monday, April 14, 2003.

A proposed PRR establishing a baseline for determining bidding levels and compensation for bids in the Non-Spinning Reserve and Replacement Reserve Ancillary Services markets, and an alternate version, were presented for discussion by Roger Yott and Garrett Stone. After considerable discussion, Jerry Ward with TXU suggested another alternative approach which he suggested might be more acceptable to ERCOT members concerned about the potential ability to game the baseline approach and/or acquire those services at the lowest possible cost. Under the TXU proposal, 1) measurement of performance would be measured by calculating demand over a measurement interval of

15, 30 or 60 minutes rather than 3 or 4 seconds, 2) the upper limit on the 95% - 120% performance band would be removed, and 3) the current requirement that the loads respond to dispatch instructions in a manner similar to generation would be deleted. This approach met with general approval by the DSWG. Jerry Ward agreed to work with interested parties to draft a proposed PRR embodying this concept. The steel company representatives agreed that they would do an analysis of historical data to determine the impact of using 15, 30, 60 minute, or some other time interval, on the ability of steel loads to participate in the Non-Spin and Replacement markets.

The DSWG also discussed the issue of an appropriate cap on the amount of Responsive Reserve that can be used to satisfy the ERCOT Responsive Reserve requirement. Jerry Ward stated that TXU would circulate a proposed PRR on Monday, April 14, 2003, that would require the cap to be fixed at 50%, subject to ERCOT's ability to require a smaller percentage if and when required for system reliability purposes. It was agreed that comments should be sent to Jerry Ward on the proposal by no later than Friday, April 18, 2003. The DSWG voted to in favor of the proposed PRR, with the exception of Reliant, who abstained. The DSWG also voted to request TXU to submit the PRR with an "urgent" designation.

Floyd Trefny and Steve Maddox raised the issue of what to do in the event the cap on Responsive Reserve provided by LaaR is exceeded. After considerable discussion, it was determined that the issue would be added to the agenda as a priority action item at the next DSWG meeting to be held on May 13, 2003.

At the last WMS meeting, WMS asked DSWG to undertake an analysis of the impact of Demand side response on the ERCOT system emergency that occurred in February. Jay Zarnikau made a brief presentation on the analysis he attempted to undertake, but observed that he did not have access to the data needed to perform the analysis. Consequently, Danielle Jaussaud agreed to look into the issue and determine whether she had the data needed and could provide it to Jay in a non-confidential format, or whether she would need to do the analysis herself, and/or whether the ERCOT staff could perform the needed analysis. Danielle agreed to get back to Jay as soon as she is able to ascertain what can or cannot be worked out regarding the confidential data.