



EILS Update

PRR 746

Amended P.U.C. Subst. R. §25.507

DSWG

December 7, 2007

- **Substantive Rule amending the Emergency Interruptible Load Service was proposed by PUC Staff in August 2007**
 - Project 34706
 - Subst. Rule §25.507
- **Commissioners on Nov. 1, 2007, adopted the Rule amendments on a 3-0 vote**
- **Amended Rule is now in effect**
- **PRR 746 implementing the amended Rule needs to be in place for the next procurement cycle (Feb. thru May 2008)**
- **PRS and TAC have approved PRR 746 with minor amendments**
- **ERCOT Board will consider it on Dec. 11, 2007**
- **Scheduled date to issue the RFP is Dec. 12, 2007**

Feb.-May 2008 Contract Period Procurement Timeline

RFP Issued	Dec. 12, 2007 (Wed.)
Notices of Self-Provision due	Jan. 7, 2008 (Mon.)
Bids due	Jan. 8, 2008 (Tue.)
ERCOT notifies QSEs of Self-Provision adjustment options	Jan. 14, 2008 (Mon.)
Self-Provision adjustments due at ERCOT	Jan. 16, 2008 (Wed.)
Awards announced	
Contracts issued	Jan. 17, 2008 (Thu.)
Signed contracts due at ERCOT	Jan. 30, 2008 (Wed.)
Activation	Feb. 1, 2008 (Fri.)

- **RFP will be distributed to QSEs on Dec. 12**
- **Will also be posted to:**
www.ercot.com/services/programs/load/eils/index.html
- **Along with updated versions of:**
 - Technical Requirements and Scope of Work
 - Registration/Proposal Form
 - Supplement to Standard Form QSE Agreement
 - Q&A
- **Other documents at that page:**
 - Default Baseline methodology
 - Meter data requirements
 - Affidavit for meter data submittal

- **Raises the Cost Cap from \$20M to \$50M** (§25.507(b)(3))
- **Gives ERCOT explicit authority to reject a bid it deems to be ‘unreasonable or outside the parameters of an acceptable bid’** (§25.507(a)(3))
- **Eliminates the 500 MW floor to run the Service** (§25.507(a)(4))
- **Permits ERCOT to restructure the Contract Periods (currently 4 months) to facilitate additional load participation** (§25.507(a)(2))
 - Requires 90 days notice
- **Eliminates the long-term solution sunset provisions** (previous §25.507(a)(6) and §25.507(h))
- **Clarifies language relating to meters and meter data from EILS Resources in NOIE service territories or Private Use Networks** (§25.507(c)(2))
- **Clarifies that deployed EILS Resources may return to service only when released by ERCOT** (§25.507(c)(4)(C))
- **Establishes reporting requirements for ERCOT for each Contract Period** (§25.507(f)):
 - MW procured, number of Resources, total projected cost

- **Allows exceptions to universal IDR metering for members of EILS aggregations...**
 - ‘...if a statistically valid alternative to universal IDR metering consistent with industry best practices can be developed and approved by ERCOT’ (§25.507(c)(2)(B))
- **Eliminates the definitions of Prime and Non-Prime (a.k.a. Business and Non-Business) Hours** (§25.507(b)(4) and (5))
 - ERCOT to establish Time Periods within a Contract Period
- **Eliminates the 500 kW peak demand floor for members of an aggregated EILS Resource** (§25.507(c)(1)(b))

(more to come).....

- **PRR 746 implements provisions of the amended Rule**
- **WMS & TAC amended the PRR :**
 - ERCOT shall establish a written process for determining the cost limits for each EILS Contract Period and for the reasonableness of bids
- **TAC also accepted an amendment proposed by Oxy :**
 - [EILS bids shall include]... ‘affirmation that the capacity being offered into EILS is not capacity that is separately obligated to respond during an EECP event, and receiving a separate reservation payment for such obligation, occurring in the contracted EILS Time Period and EILS Contract Period.’

- **Original Rule and current Protocols explicitly define Time Periods as follows:**
 - BUSINESS HOURS: 8 a.m.–8 p.m. M-F except Holidays
 - NON-BUSINESS HOURS: All other hours
- **Original intent was for Business Hours block to attract resources that may not have sufficient Load online overnight and on weekends**
- **However, vast majority of bids received to date have been from the same resources for all hours**
 - Current Time Periods don't accommodate temperature-sensitive loads
- **Amended PUC Rule gives ERCOT the ability to adjust and add Time Periods within a Contract Period**
 - 'Time Periods: Sets of hours designated by ERCOT within a Contract Period' *(25.507(b)(5))*
- **PRR 746 will allow ERCOT to establish Time Periods specific to seasonal Contract Periods**

- **ERCOT Staff has not yet developed and approved guidelines around the ‘statistically valid alternative to universal IDR metering....’**
 - Will have more dialogue with Market Participants before addressing this provision
 - Intent is to have guidelines in place prior to the next procurement cycle (June-Sept. 2008)

- **Preamble language to the amended Rule states:**
 - ‘The commission also finds value in having resources that have not participated in demand response programs being enabled to do so by this program. The commission encourages ERCOT to make an effort to attract such customers to the program.’
- **Three key provisions in the new Rule and PRR 746 should help ERCOT meet this goal by opening EILS to temperature-sensitive loads and mass-market programs**
 - Flexibility in establishing Time Periods
 - Flexibility in non-IDR metering
 - Elimination of the 500kW floor
- **More dialogue with MP’s needed!**

- Questions?

