

**PROJECT NO. 27706**

**REPORTS OF THE ELECTRIC § PUBLIC UTILITY COMMISSION  
RELIABILITY COUNCIL OF TEXAS § OF TEXAS**

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S  
2008 EMERGENCY INTERRUPTIBLE LOAD SERVICE (EILS) PROGRAM  
ANNUAL REPORT**

COMES NOW, Electric Reliability Council of Texas, Inc. (ERCOT) and submits this Annual Report pursuant to P.U.C. SUBST. R. § 25.507(f) which requires ERCOT to review the effectiveness and benefits of the Emergency Interruptible Load Service (EILS) and report its findings to the Public Utility Commission of Texas (Commission) annually within seventy (70) days of the completion of the EILS program year. P.U.C. SUBST. R. § 25.507(f) requires that the Annual Report contain, at a minimum, the number of megawatts (MWs) procured in each Contract Period, the total dollar amount spent on procuring EILS, the number and level of Emergency Electric Curtailment Plan (EECP) events, and the number and duration of deployments.

P.U.C. SUBST. R. § 25.507(b)(3) describes the EILS program year as February through January for purposes of administering the annual EILS cost cap. This Annual Report is therefore filed timely, within the seventy (70) days following the conclusion of the 2008 program year on January 31, 2009.

<b>Document</b>	<b>Attachments</b>
ERCOT 2008 EILS Program Annual Report – February 1, 2008, through January 31, 2009	A
Market Notices and EILS Cost Comparison Presentation dated January 28, 2009	B

Respectfully submitted,

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ATTORNEYS FOR ELECTRIC  
RELIABILITY COUNCIL OF TEXAS, INC.

**ERCOT 2008 Annual Report Pursuant to P.U.C. SUBST. R. § 25.507(f)  
Regarding Emergency Interruptible Load Service  
February 1, 2008 – January 31, 2009**

**EILS History**

On March 20, 2007, the Commission approved P.U.C. SUBST. R. § 25.507, *Electric Reliability Council of Texas (ERCOT) Emergency Interruptible Load Service (EILS)*,<sup>1</sup> requiring ERCOT to develop and administer EILS. The Commission later approved amendments to P.U.C. SUBST. R. § 25.507 on November 1, 2007.<sup>2</sup>

ERCOT stakeholders subsequently recommended and the ERCOT Board approved the following Protocol Revision Requests (PRRs) related to EILS:

- PRR705 EILS (approved 04/18/07)
- PRR716 Self-Provision of EILS (approved 05/16/07)
- PRR717 EILS Disputes and Resettlements (approved 12/11/07)
- PRR723 Conform 5.6.6.1 EECF (approved 06/19/07)
- PRR725 EILS Formula & Standard Form Correction (approved 09/18/07)
- PRR746 Revisions to EILS Provisions to Conform to Amended P.U.C. SUBST. R. 25.507 (approved 12/11/07)
- PRR757 EILS Formula Correction (approved 07/15/08)
- PRR760 EILS Availability Factor Clarification (approved 07/15/08)
- NPRR107 Nodal EILS (approved 07/15/08)
- PRR 781 EILS Self-Provision Formula Correction and Clarifications (approved 01/20/09)
- PRR 786 Modifications to EILS Settlement (approved 03/17/09)

**Procurement History**

To date, ERCOT has solicited bids to provide EILS for seven Contract Periods, as follows:

1. April 19, 2007 - May 31, 2007
2. June 1, 2007 - September 30, 2007

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<sup>1</sup> *PUC Rulemaking Concerning a Demand-Response Program for ERCOT Emergency Conditions*, Project No. 33457.

<sup>2</sup> *PUC Rulemaking to Amend ERCOT Emergency Interruptible Load Service*, Project No. 34706. (The Commission adopted amendments that eliminated the 500 MW procurement floor and increased the annual EILS cost cap from \$20 million to \$50 million).

3. October 1, 2007 - January 31, 2008
4. February 1, 2008 - May 31, 2008.
5. June 1, 2008 – September 30, 2008.
6. October 1, 2008 – January 1, 2009
7. February 1, 2009 – May 31, 2009

The eighth EILS procurement cycle is underway as of the date of filing of this Annual Report. Bids are due on May 8, 2009, for the Contract Period of June 1, 2009 through September 30, 2009.

This filing recaps the results of ERCOT’s efforts to procure EILS for all eligible Contract Periods including all Contract Periods in the 2008 program year (February 1, 2008 through January 1, 2009). In addition, this filing provides an overview of the results of ERCOT’s EILS procurement for the February – May 2009 Contract Period.

Below are the total MWs offered into and procured for EILS for each Contract Period and Time Period to date:

<i>Contract Period</i>	<i>Time Period</i>	<i>Capacity Offered</i>	<i>Capacity Procured</i> <sup>3</sup>
April - May 2007	Business Hours <sup>4</sup>	156 MW	0
	Non-Business Hours <sup>5</sup>	156 MW	0
June - Sept. 2007	Business Hours	213 MW	0
	Non-Business Hours	213 MW	0
Oct. 2007 - Jan. 2008	Business Hours	170 MW	0
	Non-Business Hours	180 MW	0
Feb. - May 2008	Business Hours	270 MW	262 MW
	Non-Business Hours	289 MW	185 MW
June - Sept. 2008	Business Hours <sup>6</sup>	321 MW	310 MW
	Peak 1 Hours <sup>7</sup>	231 MW	219 MW
	Peak 2 Hours <sup>8</sup>	227 MW	216 MW
	Non-Business Hours <sup>9</sup>	326 MW	216 MW
Oct. 2008 – Jan. 2009	Business Hours 1	361 MW	270.8 MW
	Business Hours 2	374.3 MW	287.6 MW

<sup>3</sup> ERCOT received insufficient bids to reach the minimum procurement floor of 500 MWs which was in effect for the first three EILS procurement cycles. As such, EILS was not procured until the February-May 2008 Contract Period.

<sup>4</sup> Hour Ending (HE) 0900 through 2000, Monday thru Friday, except ERCOT Holidays.

<sup>5</sup> All other hours.

<sup>6</sup> Hour Ending (HE) 0900 through 1300, Monday thru Friday, except ERCOT Holidays.

<sup>7</sup> Hour Ending (HE) 1400 through 1600, Monday thru Friday, except ERCOT Holidays. For subsequent Contract Periods, this Time Period was renamed “Business Hours 2.”

<sup>8</sup> Hour Ending (HE) 1700 through 2000, Monday thru Friday, except ERCOT Holidays. For subsequent Contract Periods, this Time Period was renamed “Business Hours 3.”

<sup>9</sup> All other hours.

	Business Hours 3	376.2 MW	289.5 MW
	Non-Business Hours	358.2 MW	271.5 MW
<i>Contract Period</i>	<i>Time Period</i>	<i>Capacity Offered</i>	<i>Capacity Procured</i>
Feb. – May 2009	Business Hours 1	163.6 MW	163.6 MW
	Business Hours 2	168.2 MW	168.2 MW
	Business Hours 3	163.4 MW	163.4 MW
	Non-Business Hours	137.9 MW	137.9 MW

### **Costs**

Following is a table detailing EILS costs incurred to date:

Actual cost Feb.-May 2008 Contract Period	\$5,340,790.32
Actual cost June-Sept. 2008 Contract Period	\$6,584,675.82
Actual cost Oct. 2008 – Jan. 2009 Contract Period	\$4,936,559.81
Total cost for the 2008 program year	\$16,862,025.95
Annual cost cap <sup>10</sup>	\$50,000,000.00
Projected cost Feb.-May 2009 Contract Period <sup>11</sup>	\$ 4,508,954.75

### **Operational Effectiveness & Benefits**

EILS to date has not been deployed by ERCOT Operations. EILS is deployed only in Step 3 or Step 4 of the Emergency Electric Curtailment Plan (EECP).<sup>12</sup> ERCOT Operations last declared EECP Step 2 on February 26, 2008<sup>13</sup>, but did not progress further into the EECP. No other EECP events have progressed beyond Step 1 since the initial procurement of EILS. Accordingly, it not yet possible for ERCOT to determine whether the Qualified Scheduling Entities (QSEs) and EILS Resources providing EILS would have performed according to their requirements, or whether an EILS deployment would have served its intended purpose of providing a tool for ERCOT Operations to avoid shedding firm Load (i.e., initiate rolling blackouts) during an emergency condition.

ERCOT Staff has consistently expressed the opinion that less than 500 MW of EILS capacity would have limited operational value during a grid emergency. ERCOT notes a decline in MW capacity offered into EILS for the February-May 2009 bid cycle, as compared to prior cycles, and has expressed concern about this decline. ERCOT also notes that the national economic

<sup>10</sup> The EILS cost cap is established in P.U.C. SUBST. R. §25.507(b)(3).

<sup>11</sup> Payments are subject to adjustment for EILS Resource availability and for EILS Resource event performance pursuant to the Protocols. Adjustments are calculated after the end of the Contract Period.

<sup>12</sup> See ERCOT Protocol § 5.6.7. EECP procedures will undergo a name change on May 1, 2009, when PRR 775 becomes effective. The new terminology, Energy Emergency Alert (EEA), conforms to the terminology used by the North American Electric Reliability Corporation (NERC). EILS deployment criteria will remain unchanged.

<sup>13</sup> Details relating to EILS Resource availability in the Feb. 26, 2008, EECP event were documented in the prior year's version of this Annual Report, filed under Project 27706 on June 2, 2008.

downturn has been cited by numerous EILS participants as the primary cause of the decline in offered MW capacity. ERCOT is committed to continuing to improve accessibility to EILS and to reaching the eventual goal of 1,000 MW of interruptible capacity.

**Market Effectiveness & Benefits**

In approving the amendments to P.U.C. SUBST. R. § 25.507, the Commission expressly stated that the secondary purpose of EILS is to enable additional demand response participation in the ERCOT market:

The commission agrees . . . that one of the important values of this program is to establish the role of demand-response in providing reliability services in ERCOT by enlisting numerous customers as providers of demand-response, particularly customers in classes that have not participated in the LaaRs program. 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.<sup>14</sup>

The primary benchmark available to ERCOT for measuring the success of EILS in increasing the growth of available demand response is to identify how much committed EILS capacity is being provided by loads other than registered Loads Acting as a Resource (LaaRs). Non-LaaRs EILS Resources can be viewed as new demand response resources, as they were previously not available for dispatch by ERCOT during an emergency condition.

The following tables show the LaaR and non-LaaR participation in EILS throughout its procurement history:

<b>Feb.-May 2008 Contract Period</b>			
<i>Time Period</i>	<i>Total Contracted</i>	<i>Registered LaaR</i>	<i>Non-LaaR</i>
Business Hours	262 MW	98 MW (37%)	164 MW (63%)
Non-Business Hours	185 MW	0 MW (0%)	185 MW (100%)

<b>June-Sept. 2008 Contract Period</b>			
<i>Time Period</i>	<i>Total Contracted</i>	<i>Registered LaaR</i>	<i>Non-LaaR</i>
Business Hours	310 MW	100 MW (32%)	210 MW (68%)
Peak 1 Hours	219 MW	0 MW (0%)	219 MW (100%)
Peak 2 Hours	216 MW	0 MW (0%)	216 MW (100%)
Non-Business Hours	216 MW	0 MW (0%)	216 MW (100%)

<b>Oct. 2008 – Jan. 2009 Contract Period</b>			
<i>Time Period</i>	<i>Total Contracted</i>	<i>Registered LaaR</i>	<i>Non-LaaR</i>
Business Hours 1	270.8 MW	0 MW (0%)	270.8 MW (100%)

<sup>14</sup> PUC Rulemaking to Amend ERCOT Emergency Interruptible Load Service , Project No. 34706, at. 4-5 (November 8, 2007).

Business Hours 2	287.6 MW	0 MW (0%)	287.6 MW (100%)
Business Hours 3	289.5 MW	0 MW (0%)	289.5 MW (100%)
Non-Business Hours	271.5 MW	0 MW (0%)	271.5 MW (100%)

<b>Feb. – May 2009 Contract Period</b>			
<i>Time Period</i>	<i>Total Contracted</i>	<i>Registered LaaR</i>	<i>Non-LaaR</i>
Business Hours 1	163.6 MW	0 MW (0%)	163.6 MW (100%)
Business Hours 2	168.2 MW	0 MW (0%)	168.2 MW (100%)
Business Hours 3	163.4 MW	0 MW (0%)	163.4 MW (100%)
Non-Business Hours	137.9 MW	0 MW (0%)	137.9 MW (100%)

Since October 2008 all EILS Resources have been separate and distinct from LaaRs; and therefore, are providing a new source of demand response in the ERCOT Region, consistent with the PUCT’s stated intent for the program.

**Attachment B**

The following additional EILS documentation is submitted to this Annual Report as Attachment B:

- Market Notice announcing procurement results for February – May 2008 Contract Period
- Market Notice announcing procurement results for June – September 2008 Contract Period
- Market Notice announcing procurement results for October 2008 – January 2009 Contract Period
- Market Notice announcing procurement results for February – May 2009 Contract Period
- “EILS Cost Comparison,” presentation by ERCOT Staff to Wholesale Market Subcommittee (WMS), January 28, 2009

**From:** ERCOT Client Relations  
**Sent:** Thursday, January 17, 2008 3:51 PM  
**To:** Notice\_Contracts@lists.ercot.com; [Notice\\_general@lists.ercot.com](mailto:Notice_general@lists.ercot.com)  
**Cc:** 1 ERCOT Client Service Reps  
**Subject:** M-A011708-01 EILS Results Feb-May08.doc

**NOTICE DATE:** January 17, 2008

**NOTICE TYPE:** M-A 011708-01 Contracts / RFP

**SHORT DESCRIPTION:** ERCOT has released the results of its procurement of Emergency Interruptible Load Service (EILS) for the February - May 2008 Contract Period.

**INTENDED AUDIENCE:** QSEs

**DAY AFFECTED:** February 1- May 31, 2008

**LONG DESCRIPTION:** ERCOT has released the results of its procurement of EILS for the Contract Period of February 1 through May 31, 2008. Public Utility Commission Substantive Rule 25.507 (f) requires ERCOT to “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” within 10 days of the awards for a contract period. ERCOT notified QSEs on Wednesday, Jan. 16, 2008 of their awards. Contracts are being delivered today to QSEs whose offers were selected and are due back at ERCOT by January 30, 2008.

The results of this procurement are as follows:

**Business Hours** (Hours Ending 0900 through 2000, Monday thru Friday except ERCOT

Holidays; 1,020 hours):

MW procured:	262
Number of EILS Resources:	10 (includes 5 aggregations)
Projected cost:	\$2,599,796.40
Average cost per MW per Hour:	\$9.73

**Non-Business Hours** (all other hours; 1,884 hours):

MW procured:	185
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Number of EILS Resources: 7 (includes 2 aggregations)  
Projected cost: \$2,740,993.92  
Average cost per MW per Hour: \$7.86

**CONTACT:** Specific questions about EILS may be emailed to [eils@ercot.com](mailto:eils@ercot.com). If you have any questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via e-mail at [ClientRelations@ercot.com](mailto:ClientRelations@ercot.com).

**If you are receiving e-mail from an ERCOT distribution list that you no longer wish to receive, please follow this link in order to unsubscribe from this list:**  
<http://lists.ercot.com>.

yl

**NOTICE DATE:** May 19, 2008

**NOTICE TYPE:** M-A040808-02 Contracts/RFP

**CLASSIFICATION:** Public

**SHORT DESCRIPTION:** ERCOT has released the results of its procurement of Emergency Interruptible Load Service (EILS) for the June–September 2008 Contract Period.

**INTENDED AUDIENCE:** QSEs

**DAY AFFECTED:** June 1 – September 30, 2008

**LONG DESCRIPTION:** ERCOT has released the results of its procurement of EILS for the Contract Period of June 1 through September 30, 2008. Public Utility Commission (PUC) Substantive Rule 25.507 (f) requires ERCOT to “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” within 10 days of the awards for an EILS Contract Period. On Friday, May 16, 2008 ERCOT notified QSEs of their awards. Contracts are being delivered on Monday, May 19, 2008 to QSEs whose offers were selected. The contracts are due back at ERCOT by May 29, 2008.

The results of this procurement are as follows:

<b>Business Hours (HE 0900 through 1300, Monday thru Friday except ERCOT Holidays; 425 hours):</b>	
MW procured	310
Number of EILS Resources:	19 (includes 13 aggregations)
Projected cost	\$1,438,965.00
Average cost per MW per Hour	\$10.92
<b>Peak 1 Hours (HE 1400 through 1600, Monday thru Friday except ERCOT Holidays; 255 hours)</b>	
MW procured	220
Number of EILS Resources	16 (includes 10 aggregations)
Projected cost	\$620,700.60
Average cost per MW per Hour	\$11.06
<b>Peak 2 Hours (HE 1700 through 2000, Monday thru Friday except ERCOT Holidays; 340 hours)</b>	
MW procured	216
Number of EILS Resources	15 (includes 9 aggregations)
Projected cost	\$829,239.60
Average cost per MW per Hour	\$11.29
<b>Non-Business Hours (all other hours; 1,908 hours):</b>	
MW procured	216
Number of EILS Resources	14 (includes 8 aggregations)
Projected cost	\$3,698,448.12
Average cost per MW per Hour	\$8.97

Total projected cost of EILS for this Contract Period is \$6,587,353.32.

For the 2008 EILS program year (February through January), the total projected EILS cost now stands at \$11,928,143.64. The cost of EILS is capped at \$50 million per year pursuant to PUC Substantive Rule §25.507(b) (3).

**CONTACT:** If you have questions about the EILS program or the RFP, please send an e-mail to [eils@ercot.com](mailto:eils@ercot.com). If you have any other questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via e-mail at [ClientRelations@ercot.com](mailto:ClientRelations@ercot.com).

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**NOTICE DATE:** September 17, 2008

**NOTICE TYPE:** M-A091708-01 Contracts / RFP

**SHORT DESCRIPTION:** Results of the procurement of Emergency Interruptible Load Service (EILS) for the October 2008 - January 2009 Contract Period

**INTENDED AUDIENCE:** QSEs

**DAYS AFFECTED:** October 1, 2008 - January 31, 2009

**LONG DESCRIPTION:** ERCOT has released the results of its procurement of EILS for the Contract Period of October 1, 2008 through January 31, 2009. Public Utility Commission (PUC) Substantive Rule 25.507 (f) requires ERCOT to “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” within 10 days of the awards for a contract period. ERCOT notified QSEs on Monday, September 15, 2008, of their awards. Contracts are being delivered today to QSEs whose offers were selected and are due back at ERCOT by September 29, 2008.

The results of this procurement are as follows:

**Business Hours 1** (HE 0900 through 1300, Monday thru Friday except ERCOT Holidays; 415 hours):

MW procured:	272
Number of EILS Resources:	35 (includes 25 aggregations)
Projected cost:	\$1,221,405.18
Average cost per MW per Hour:	\$10.83

**Business Hours 2** (HE 1400 through 1600, Monday thru Friday except ERCOT Holidays; 249 hours)

MW procured:	289
Number of EILS Resources:	37 (includes 25 aggregations)
Projected cost:	\$810,776.37
Average cost per MW per Hour:	\$11.28

**Business Hours 3** (Hours Ending 1700 through 2000, Monday thru Friday except ERCOT Holidays; 332 hours)

MW procured:	291
Number of EILS Resources:	35 (includes 23 aggregations)
Projected cost:	\$1,098,998.02
Average cost per MW per Hour:	\$11.39

**Non-Business Hours** (all other hours; 1,957 hours):

MW procured:	273
Number of EILS Resources:	33 (includes 21 aggregations)

Projected cost: \$5,123,621.70  
Average cost per MW per Hour: \$9.61

Total projected cost of EILS for this Contract Period is \$8,254,801.27.

For the 2008 EILS program year (February through January), the final total EILS cost is projected at \$20,138,077.26. The cost of EILS is capped at \$50 million per year pursuant to PUC Substantive Rule §25.507(b)(3).

**CONTACT:** Specific questions about EILS may be emailed to [eils@ercot.com](mailto:eils@ercot.com). If you have any questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via e-mail at [ClientRelations@ercot.com](mailto:ClientRelations@ercot.com).

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<http://lists.ercot.com>.

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**From:** ERCOT Client Relations  
**Sent:** Monday, January 19, 2009 3:22 PM  
**To:** 'notice\_contracts@lists.ercot.com'  
**Cc:** 1 ERCOT Client Service Reps; 'notice\_general@lists.ercot.com'  
**Subject:** M-A120108-02 Results of the procurement of EILS for the February - May 2009 Contract Period

**NOTICE DATE:** January 19, 2009

**NOTICE TYPE:** M-A120108-02 Contracts / RFP

**SHORT DESCRIPTION:** Results of the procurement of Emergency Interruptible Load Service (EILS) for the February - May 2009 Contract Period

**INTENDED AUDIENCE:** QSEs

**DAY AFFECTED:** February 1, 2009 – May 31, 2009

**LONG DESCRIPTION:** ERCOT has released the results of its procurement of EILS for the Contract Period of February 1, 2009, through May 31, 2009. Public Utility Commission (PUC) Substantive Rule 25.507 (f) requires ERCOT to 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 within 10 days of the awards for a Contract Period. ERCOT notified Qualified Scheduling Entities (QSEs) of their awards on Friday, January 16, 2009. Contracts are being delivered today to QSEs whose offers were selected and are due back at ERCOT by January 29, 2009.

The results of this procurement are as follows:

**Business Hours 1** (HE 0900 through 1300, Monday thru Friday except ERCOT

Holidays; 420 hours):

MW procured:	163.6
Number of EILS Resources:	38 (includes 24 aggregations)
Projected cost:	\$762,783.00
Average cost per MW per Hour:	\$11.10

**Business Hours 2** (HE 1400 through 1600, Monday thru Friday except ERCOT  
Holidays; 252 hours)

MW procured: 168.2  
Number of EILS Resources: 38 (includes 24 aggregations)  
Projected cost: \$489,872.88  
Average cost per MW per Hour: \$11.56

**Business Hours 3** (Hours Ending 1700 through 2000, Monday thru Friday except ERCOT Holiday; 336 hours)

MW procured: 163.4  
Number of EILS Resources: 36 (includes 22 aggregations)  
Projected cost: \$638,010.24  
Average cost per MW per Hour: \$11.62

**Non-Business Hours** (all other hours; 1,873 hours):

MW procured: 139.4  
Number of EILS Resources: 33 (includes 21 aggregations)  
Projected cost: \$2,647,075.31  
Average cost per MW per Hour: \$10.14

Total projected cost of EILS for this Contract Period is \$4,537,741.43.

This is the first EILS procurement in the 2009 program year. The cost of EILS is capped at \$50 million per year pursuant to PUC Substantive Rule §25.507(b)(3).

**CONTACT:** Specific questions about EILS may be emailed to [ails@ercot.com](mailto:ails@ercot.com). If you have any questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via e-mail at [ClientRelations@ercot.com](mailto:ClientRelations@ercot.com).

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# EILS Cost Comparison

**WMS**  
**Jan. 28, 2009**



- **ERCOT procures Emergency Interruptible Load Service three times annually by Contract Period**
  - February-May
  - June-September
  - October-January
- **A bid review committee consisting of directors and managers from across several ERCOT departments makes recommendations to the Vice President of System Operations and the ERCOT executive committee**

- **Subst. R. 25.507 (d) (1)**
  - ERCOT shall pay a capacity payment to each QSE representing an EILS Resource on an as-bid basis.....
- **Subst. R. 25.507 (a) (3)**
  - ERCOT may determine cost limits for each contract period in order to ensure 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 the parameters of an acceptable bid.
- **Protocols 6.5.12 (8):**
  - .... ERCOT shall establish a written process for determining the cost limits for each EILS Contract Period and for the reasonableness of bids.
  - This document is posted at [http://www.ercot.com/content/services/programs/load/eils/keydoc/s/ERCOT\\_EILS\\_Procurement\\_Process\\_011808.pdf](http://www.ercot.com/content/services/programs/load/eils/keydoc/s/ERCOT_EILS_Procurement_Process_011808.pdf)

- **Four separate bid stacks are evaluated (one for each EILS Time Period)**
  - Business Hours 1 (HE 0900-HE 1300 M-F)\*
  - Business Hours 2 (HE 1400-HE 1600 M-F)\*
  - Business Hours 3 (HE 1700-HE 2000 M-F)\*
  - Non-Business Hours (all other hours)
- **As part of the review and recommendation process, historical clearing prices in the Ancillary Services markets are reviewed**
- **Average MCPs are analyzed over three time blocks:**
  - Corresponding months from the prior year
  - Year-to-date
  - Last 30 days

\* Excludes ERCOT Holidays. These Time Periods were effective starting with June-Sept. 2008 Contract Period

- **At the December 4 TAC meeting, ERCOT staff was asked to provide a comparison of average ELS prices (\$/MW/Hour) awarded to date, compared to Responsive, Non-spin and Up-Reg average MCPs across the same procurement periods**
- **The following slides fulfill this request**

- February-May 2008 Contract Period

Service	Business Hours*	Non-Business Hours
<b>EILS</b>	<b>9.73</b>	<b>7.86</b>
<b>RRS</b>	<b>36.09</b>	<b>24.92</b>
<b>NSRS</b>	<b>16.58</b>	<b>6.21</b>
<b>Up-Reg</b>	<b>26.64</b>	<b>21.14</b>

\* For the first Contract Period, the Business Hours Time Period was HE 0900 through HE 2000, Monday thru Friday except ERCOT Holidays

- **June-September 2008 Contract Period**

<b>Service</b>	<b>BH</b>	<b>Peak 1</b>	<b>Peak 2</b>	<b>NBH</b>
<b>EILS</b>	10.92	11.07	11.29	8.97
<b>RRS</b>	29.98	55.52	75.78	24.10
<b>NSRS</b>	6.27	16.30	18.54	12.08
<b>Up-Reg</b>	26.88	51.76	64.76	21.08

- **October 2008 – January 2009 Contract Period**

<b>Service</b>	<b>BH 1</b>	<b>BH 2</b>	<b>BH 3</b>	<b>NBH</b>
<b>EILS</b>	10.83	11.28	11.39	9.61
<b>RRS*</b>	16.20	14.65	25.51	19.02
<b>NSRS*</b>	1.67	2.61	3.08	1.79
<b>Up-Reg*</b>	11.80	10.46	26.86	14.08

\* Average MCPs through Jan. 15, 2009

- **February - May 2009 Contract Period**
  - Awards were announced Monday, Jan. 19

<b>Service</b>	<b>BH 1</b>	<b>BH 2</b>	<b>BH 3</b>	<b>NBH</b>
<b>EILS</b>	11.10	11.56	11.62	10.14
<b>RRS</b>	Unknown	Unknown	Unknown	Unknown
<b>NSRS</b>	Unknown	Unknown	Unknown	Unknown
<b>Up-Reg</b>	Unknown	Unknown	Unknown	Unknown



- **Questions?**

