



Emergency Interruptible Load Service

ERCOT Board of Directors

May 20, 2009

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Emergency Interruptible Load Service

- **PUCT Subst. Rule 25.507 (f):**

- “ERCOT shall review the effectiveness and benefits of the EILS and report its findings to the Commission annually within 70 days of the completion of the program year.”
- Report filed on April 13, 2009, covering the 2008 program year (Docket 27706)

- **Protocols § 6.5.12(19):**

- “ERCOT will review the effectiveness and benefits of the EILS every twelve (12) months from the start of the program and report its findings to TAC.”
- At TAC request, ERCOT Staff will present a detailed report to WMS on May 18
 - Will include procurement results for June-Sept. 2009 Contract Period

- **This presentation provides a high-level update for the Board**

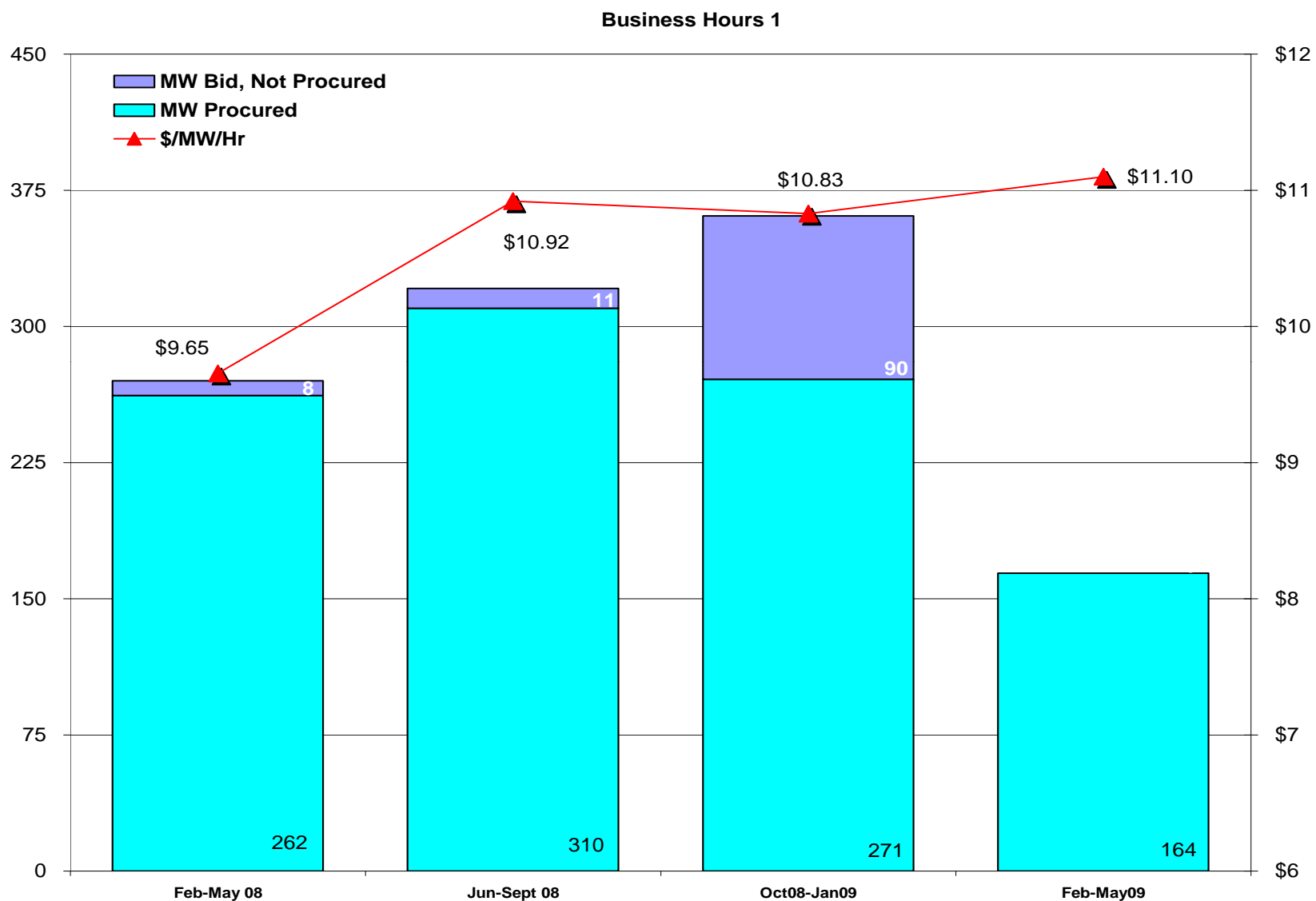


EILS Procurement, Payment and Testing

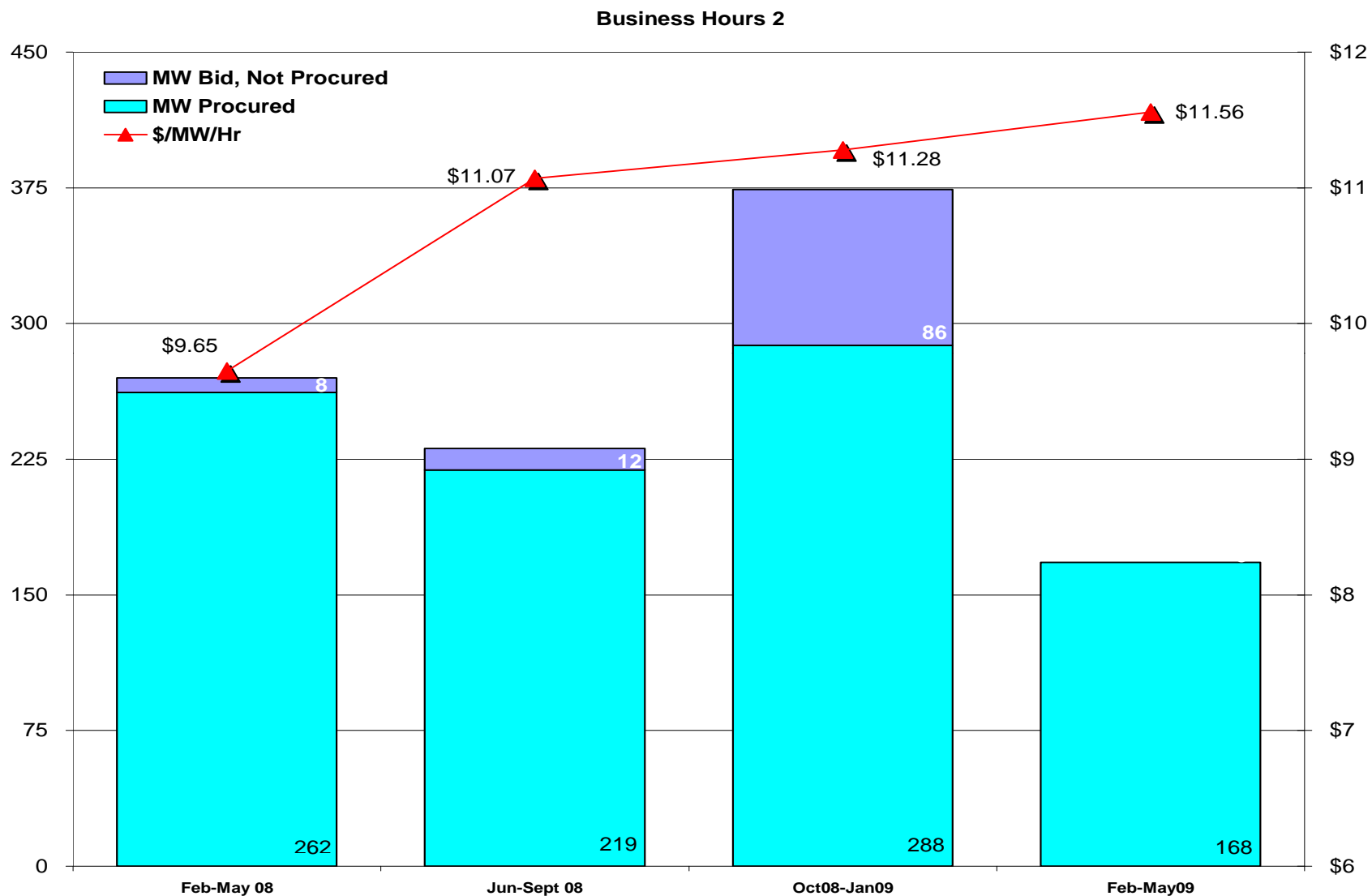
- **EILS is procured for 4-month Contract Periods**
 - February thru May
 - June thru September
 - October thru January
- **Participants bid to provide the service for one or more Time Periods:**
 1. Business Hours 1: 8AM to 1PM Monday-Friday except Holidays
 2. Business Hours 2: 1PM to 4PM Monday-Friday except Holidays
 3. Business Hours 3: 4PM to 8PM Monday-Friday except Holidays
 4. Non-Business Hours: All other hours
- **QSEs representing selected EILS Resources are paid as-bid**
- **Payments are subject to reduction for lack of availability or failure to deploy committed load in an event**
 - No deployments to date
- **EILS resources are tested (unannounced) in their first contract period**
 - If a resource fails 2 consecutive tests it is subject to suspension
 - To date no one has failed twice

- **5 RFPs for EILS have been issued since the Commission amended the Rule (Nov. 2007). The amendment:**
 - Eliminated the 500 MW floor
 - Increased the annual cost cap from \$20M to \$50M
- **Several new Market Participants have moved into ERCOT to provide EILS**
- **Steady growth in the number of participating Loads**
 - Signs point to a large influx of new participants in the next Contract Period (June-Sept. '09)
 - Bids were due after the deadline for this presentation to get into the Board packet
- **Growth in EILS MW capacity was interrupted following the economic downturn, but is now rebounding**
 - Many Loads are bidding more conservatively to avoid failing their availability requirements

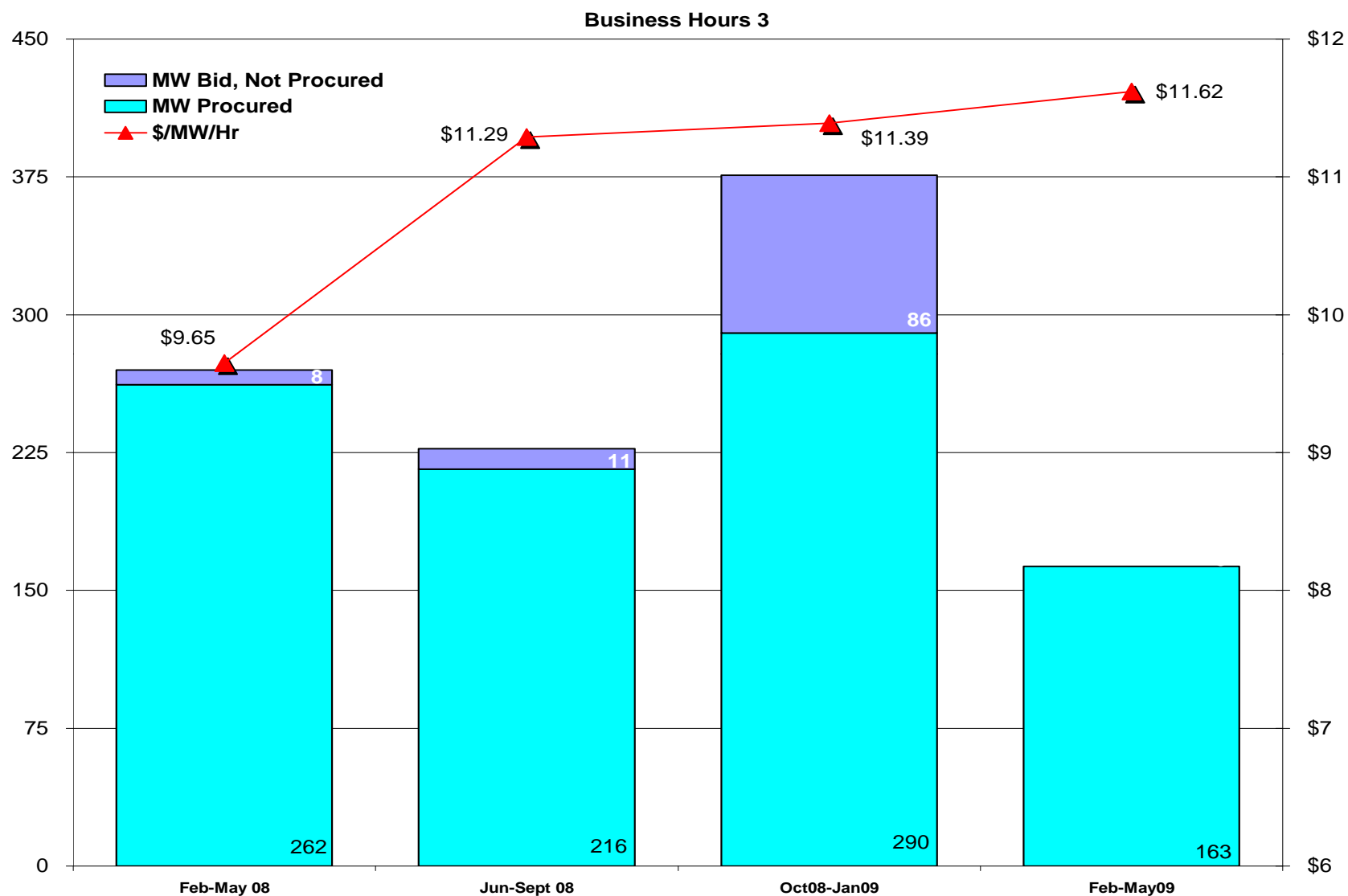
EILS Procurement Trends (Business Hours 1)



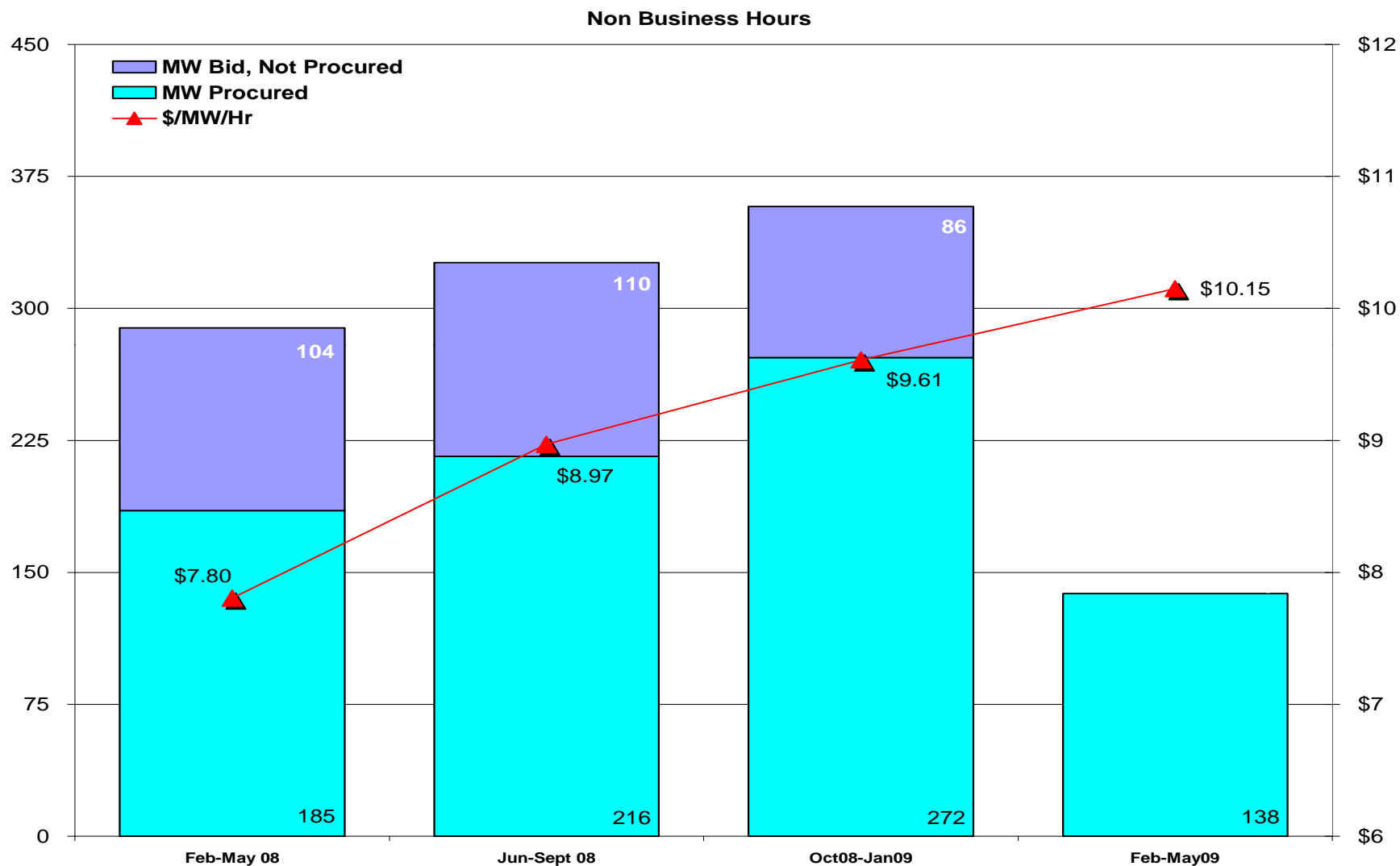
EILS Procurement Trends (Business Hours 2)



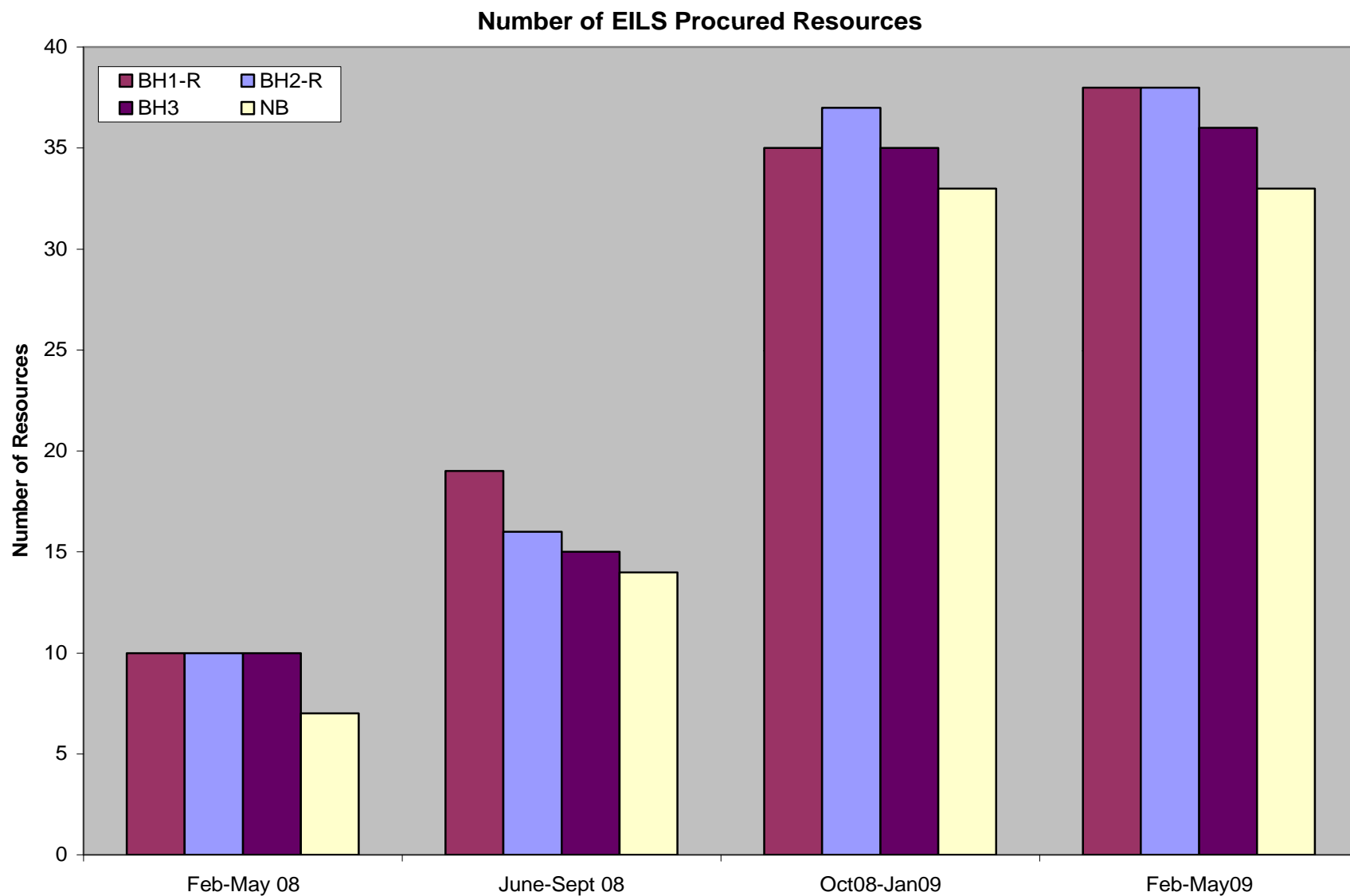
EILS Procurement Trends (Business Hours 3)



EILS Procurement Trends (Non-Business Hours)



EILS Procurement Trends (Number of Resources)



Procurement History

- February thru May 2008 Contract Period

Time Period	Business Hours	Non-Business Hours
Definition	8 AM to 8 PM Mon-Fri except Holidays	All other hours
EILS Procured	262 MW	185 MW
# of EILS Resources	10 (includes 5 aggregations)	7 (includes 2 aggregations)
Avg. Cost per MW per Hour	\$9.73	\$7.86

- Total cost for this Contract Period: \$5.34 million

Procurement History (cont.)

- **June thru September 2008 Contract Period**

Time Period	Business Hours	Peak Hrs. 1	Peak Hrs. 2	Non-Business Hours
Definition	8 AM to 1 PM Mon-Fri except Holidays	1 PM to 4 PM Mon-Fri except Holidays	4PM to 8 PM Mon-Fri except Holidays	All other hours
EILS Procured	310 MW	219 MW	216 MW	216 MW
# of EILS Resources	19 (includes 13 aggregations)	16 (includes 10 aggregations)	15 (includes 9 aggregations)	14 (includes 8 aggregations)
Avg. Cost per MW per Hour	\$10.92	\$11.06	\$11.29	\$8.97

- **Total cost for this Contract Period: \$6.58 million**

Procurement History (cont.)

- October 2008 thru January 2009 Contract Period**

Time Period	Business Hours 1	Business Hours 2	Business Hours 3	Non-Business Hours
Definition	8 AM to 1 PM Mon-Fri except Holidays	1 PM to 4 PM Mon-Fri except Holidays	4PM to 8 PM Mon-Fri except Holidays	All other hours
EILS Procured	270.8 MW	287.6 MW	289.5 MW	271.5 MW
# of EILS Resources	35 (includes 25 aggregations)	37 (includes 25 aggregations)	35 (includes 23 aggregations)	33 (includes 21 aggregations)
Avg. Cost per MW per Hour	\$10.83	\$11.28	\$11.40	\$9.61

- Total adjusted cost for this Contract Period: \$4.94 million**
- Total cost for the 2008 EILS program year: \$16.86 million**

Procurement History (cont.)

- February thru May 2009 Contract Period**

Time Period	Business Hours 1	Business Hours 2	Business Hours 3	Non-Business Hours
Definition	8 AM to 1 PM Mon-Fri except Holidays	1 PM to 4 PM Mon-Fri except Holidays	4PM to 8 PM Mon-Fri except Holidays	All other hours
EILS Procured	163.6 MW	168.2 MW	163.4 MW	137.9 MW
# of EILS Resources	38 (includes 24 aggregations)	38 (includes 24 aggregations)	36 (includes 22 aggregations)	32 (includes 20 aggregations)
Avg. Cost per MW per Hour	\$11.10	\$11.56	\$11.62	\$10.15

- Total projected cost for this Contract Period: \$4.51 million**