



# Emergency Interruptible Load Service

**Annual Report to TAC**

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**June 4, 2009**

- **Background**
- **Review of 2008 EILS program year & trends**
- **Procurement results for June-Sept. 2009 Contract Period**
- **EILS Resource availability monitoring**
- **Availability review of Oct.'08-Jan'09 Contract Period**
- **EILS Testing**

- **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 with PUC covering the 2008 program year (Docket 27706) is posted to the web page for this TAC meeting

- **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.”

- **Apr. 2004: PRS rejects PRR 486, Fuel Oil Inventory Service**
- **Aug. 2005: TAC resolution ‘continues to consider’ emergency demand response as a possible substitute for assuring fuel reliability**
  - WMS delegates research task to DSWG
- **Aug. 2005: PUC Staff draft rule on resource adequacy (Project 31972) includes emergency load response program**
  - Later removed
- **Mar. 2006: DSWG proposal presented to WMS**
- **Sept./Oct. 2006: ERCOT proposes EILS at PUC Demand Response Workshops (Project 32853)**
- **Nov. 2006: Commission initiates rulemaking in parallel with ERCOT Protocol development**
- **Apr. 2007: PUC approves Substantive Rule §25.507**
- **Nov. 2007: PUC approves amendments to §25.507**

- **‘The commission ... 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.’**
- **‘The commission ... agrees ... that it is in the public interest for the commission to expand the scope of demand-response through the implementation of EILS.’**

-- Preamble to the Order adopting amendments  
to Subst. Rule §25.507, Nov. 1, 2007  
(Project 34706)

- **ERCOT management selects EILS providers from bids submitted in response to an RFP**
- **EILS is procured for 4-month Contract Periods**
  - February thru May
  - June thru September
  - October thru January
- **ERCOT is procured by Time Period**
  - Business Hours 1: 8am-1pm M-F except ERCOT Holidays
  - Business Hours 2: 1pm-4pm M-F except ERCOT Holidays
  - Business Hours 3: 4pm-8pm M-F except ERCOT Holidays
  - Non-Business Hours: All other hours
- **Bids are evaluated in 4 separate stacks**
- **QSEs representing selected EILS Resources are paid as-bid 70 days after the end of the Contract Period**

- **5 RFPs for EILS have been issued since the Commission amended the Rule (Nov. 2007)**
  - 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**
  - Continuing influx of new participants for the upcoming Contract Period (June-Sept. '09)
- **Growth in EILS MW capacity was interrupted following the economic downturn, but is rebounding**
  - Many Loads are bidding more conservatively to help meet their availability requirements
- **No deployment events to date**

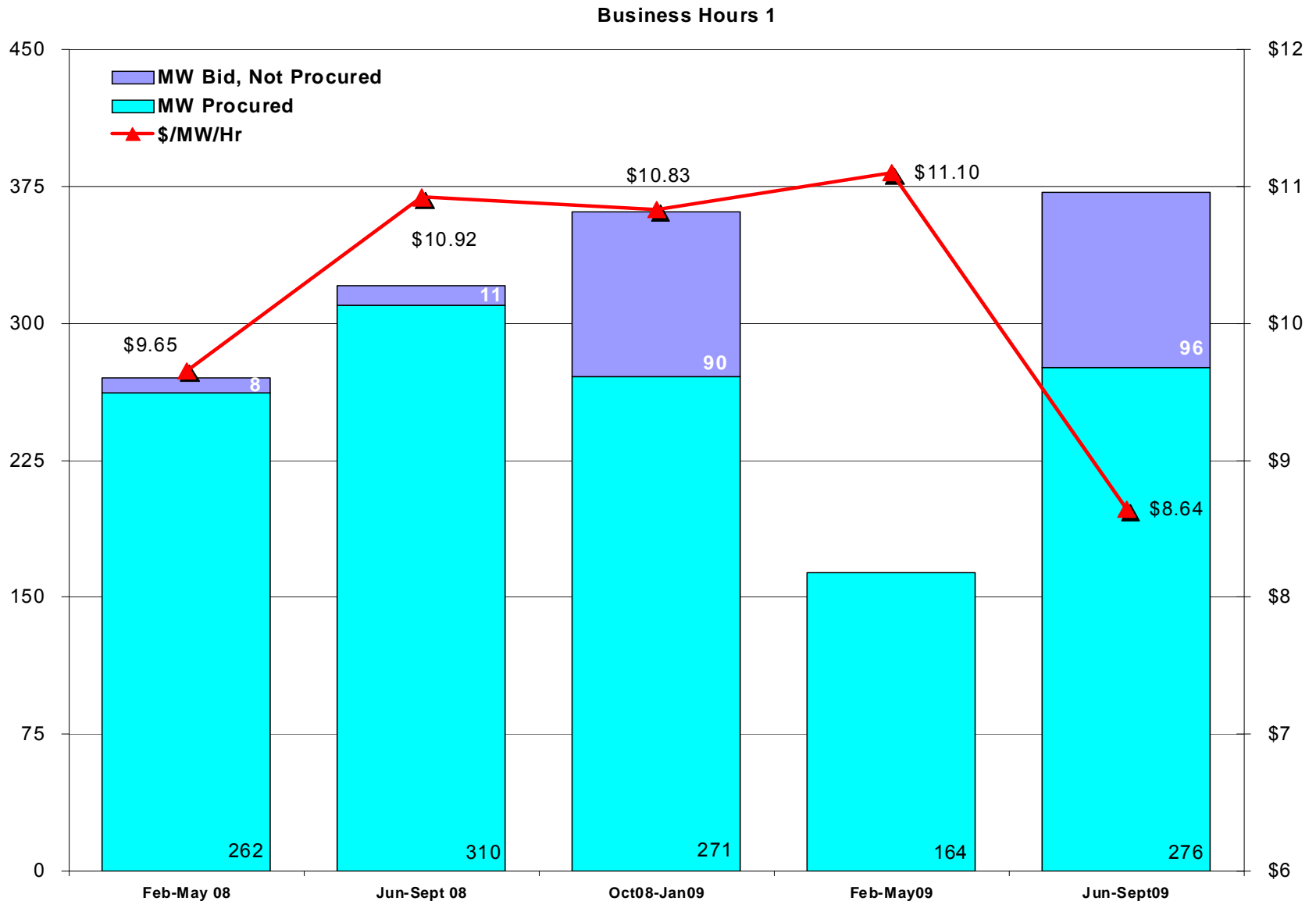
- June thru September 2009 Contract Period Procurement Results**

<b>Time Period</b>	<b>Business Hours 1</b>	<b>Business Hours 2</b>	<b>Business Hours 3</b>	<b>Non-Business Hours</b>
<b>Definition</b>	<b>8 AM to 1 PM</b> Mon-Fri except Holidays	<b>1 PM to 4 PM</b> Mon-Fri except Holidays	<b>4PM to 8 PM</b> Mon-Fri except Holidays	<b>All other hours</b>
<b>EILS Procured</b>	<b>276.4 MW</b>	<b>154.7 MW</b>	<b>237.3 MW</b>	<b>255.6 MW</b>
<b># of EILS Resources</b>	<b>47</b> (includes 34 aggregations)	<b>34</b> (includes 27 aggregations)	<b>50</b> (includes 34 aggregations)	<b>46</b> (includes 30 aggregations)
<b>Avg. Cost per MW per Hour</b>	<b>\$ 8.64</b>	<b>\$ 8.29</b>	<b>\$ 9.90</b>	<b>\$ 8.66</b>

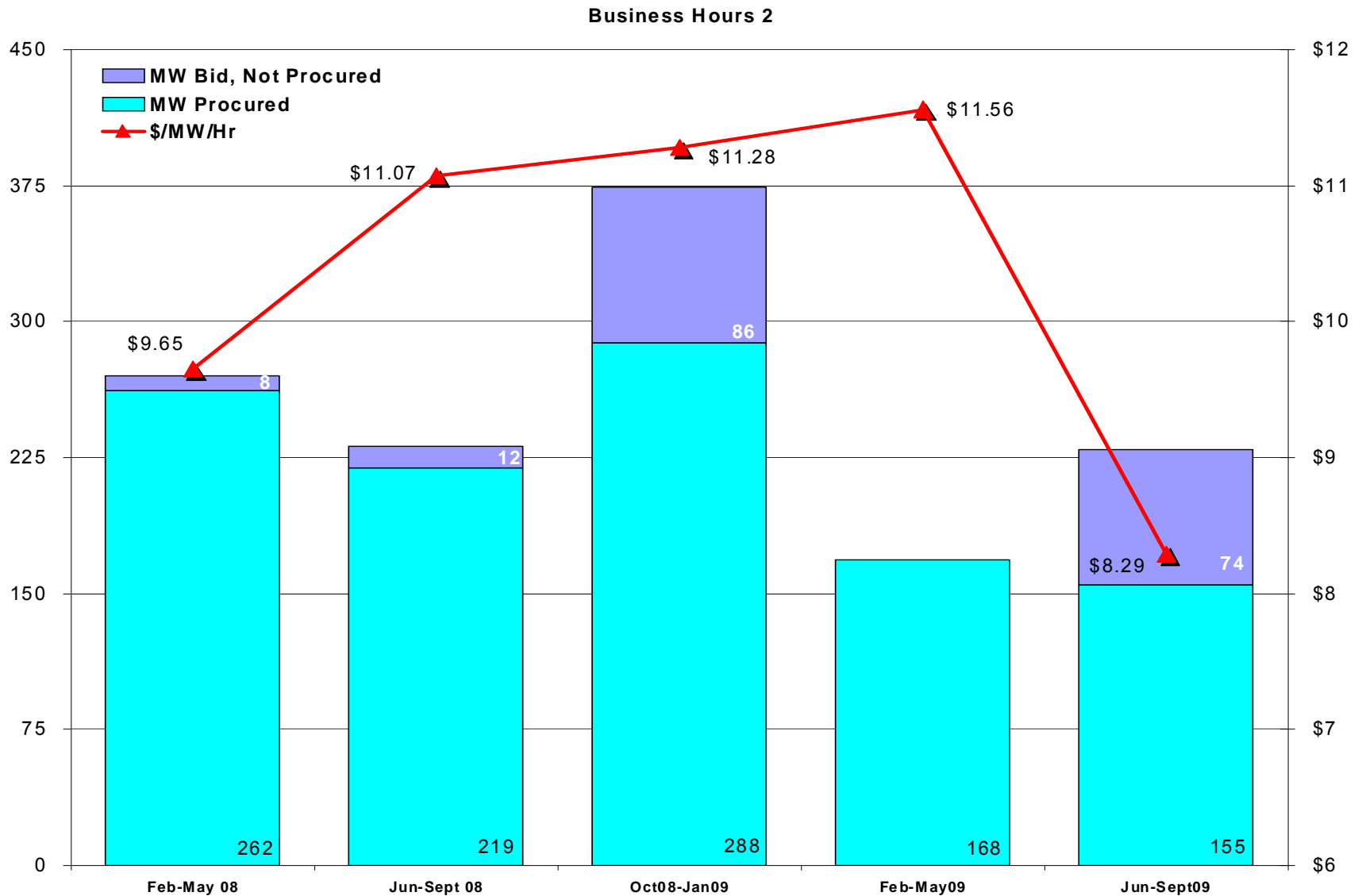
- Projected cost for this Contract Period:     \$ 6.36 million**
- Total projected cost year-to-date:             \$10.87 million**



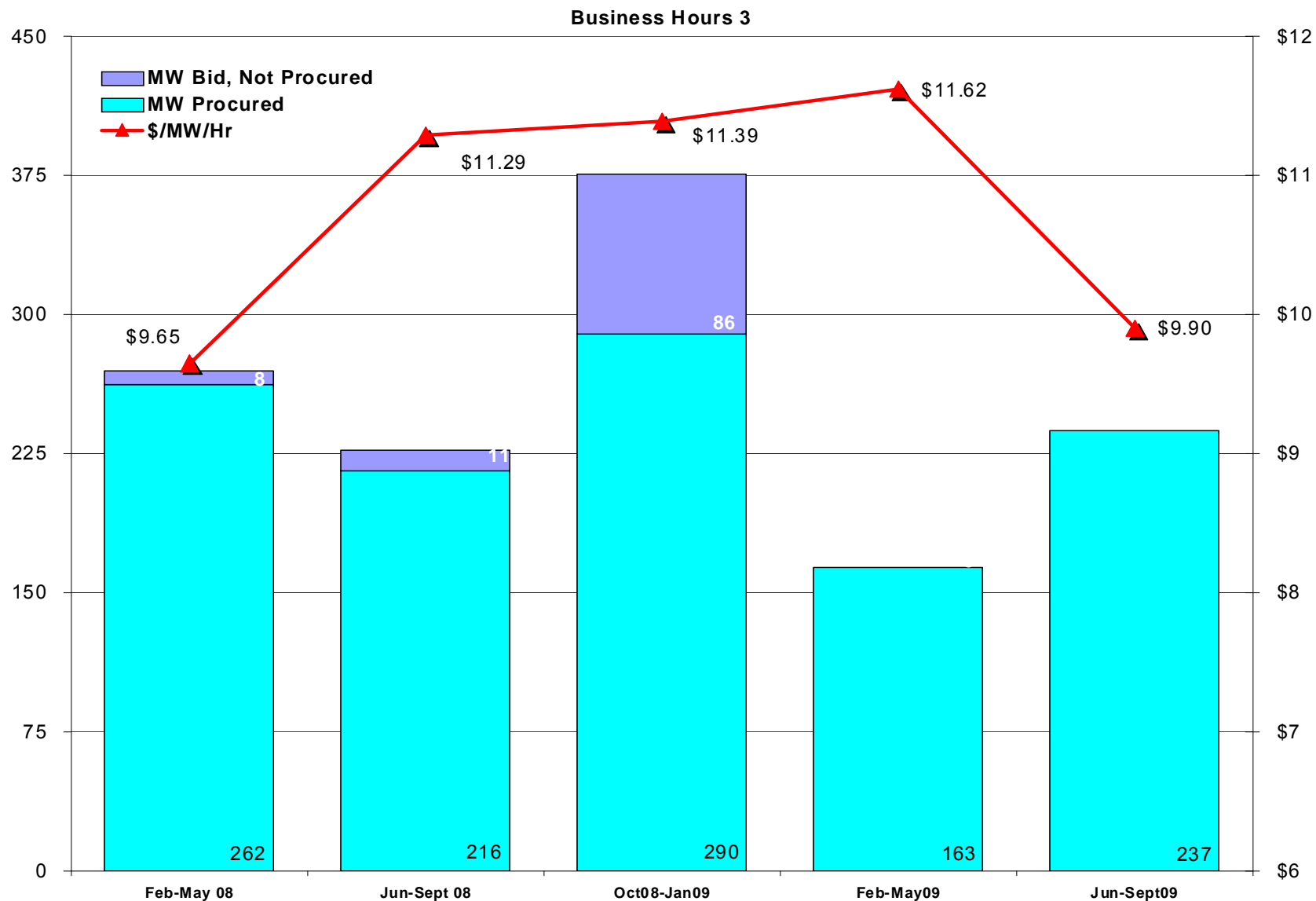
# EILS Procurement Trends (Business Hours 1)



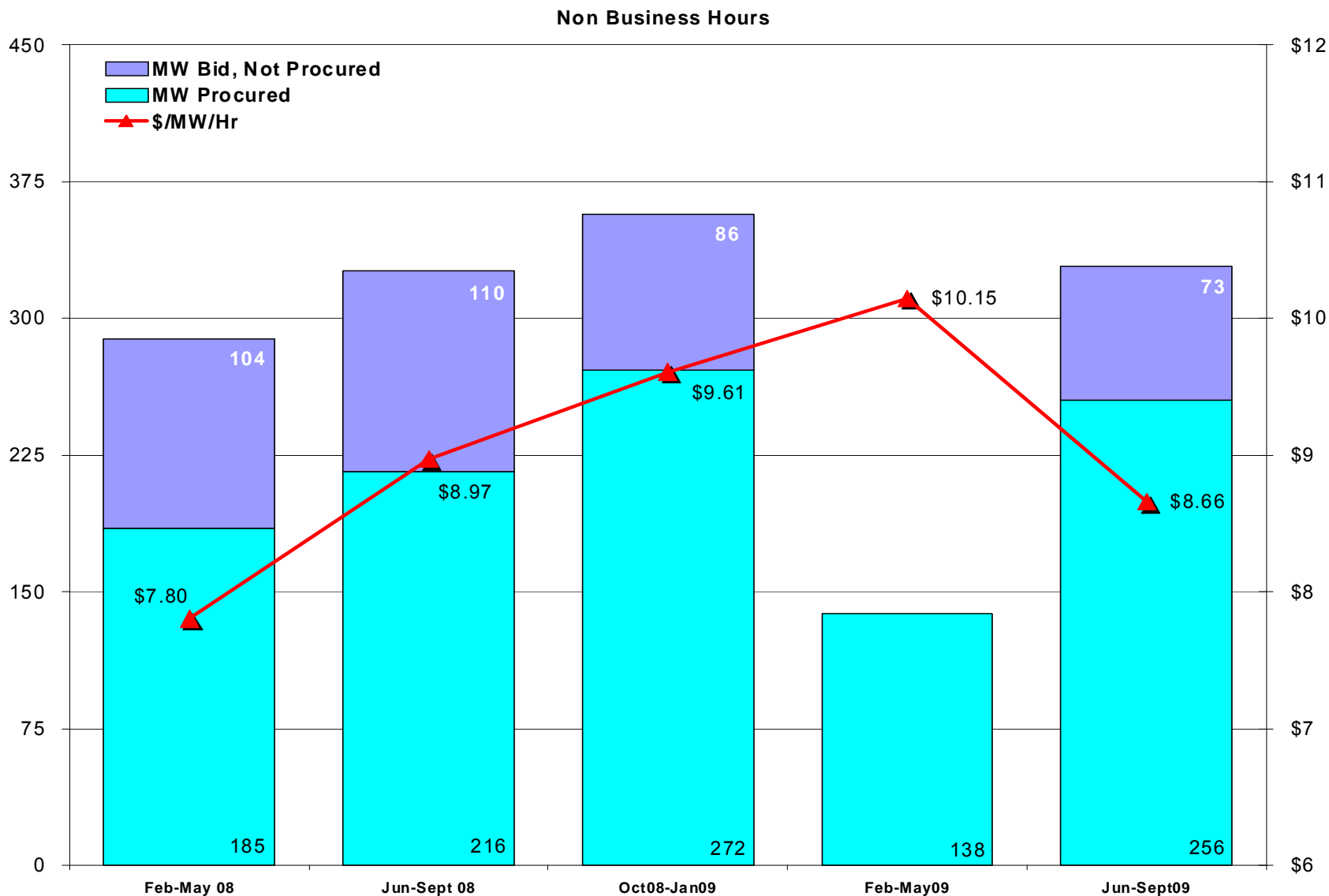
# EILS Procurement Trends (Business Hours 2)



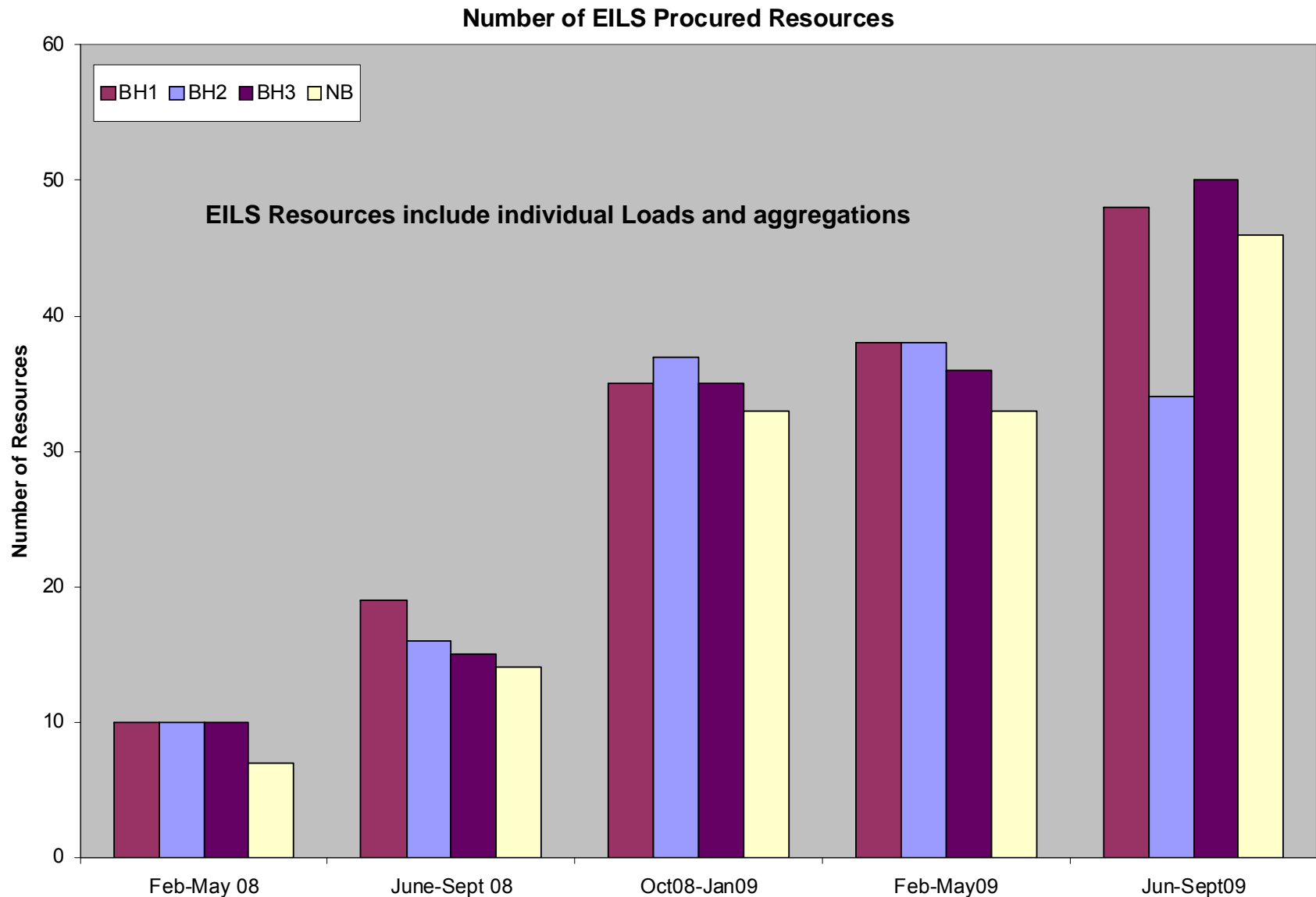
# EILS Procurement Trends (Business Hours 3)



# EILS Procurement Trends (Non-Business Hours)



# EILS Procurement Trends (Number of Resources)



- **Following a Contract Period, ERCOT Staff reviews IDR meter data for all EILS Resources to determine whether their committed load was online during their committed hours**
  - Protocols §6.10.13.3 (3)
- **This data analysis produces an availability factor for each EILS Resource**
  - Calculations are dependent on baseline assignment, but are consistent in holding to a 95% availability requirement
    - Availability factor of  $\geq 95\%$  is reset to 1.0, resulting in no payment reduction
    - Availability factor of  $< 95\%$  subjects an EILS Resource to a payment reduction equal to the availability factor
- **An availability factor below 95% also subjects the EILS Resource to a 6-month suspension**
  - Protocols §6.10.13.4

- **At the time bids were due for the Oct.-Jan. Contract Period (early Sept.), DJIA was well over 11,000**
  - U.S. economy took a severe downturn shortly thereafter
  - By Nov. 21, DJIA was at 7,552
- **After review, a majority of EILS Resources did not meet their availability requirements in at least one Time Period**
- **Payment reductions were applied per Protocol, reducing the uplift to QSEs representing Load by >\$3.3 million**
- **ERCOT, after consultation with PUC Staff, applied 'mitigating factors' clause to allow an exemption from the suspension provision for these availability failures**
  - Protocols §6.10.13.4
  - Communicated to participants that the exemption would not set a precedent

- **Basic EILS testing requirements are defined in Protocols §6.10.13.2**
  - EILS Resources are subject to an initial test and then an annual test thereafter
  - Resources that change more than 20% from one contract period to the next are subject to additional testing
  - Tests are unannounced and conducted during committed hours
  - ERCOT issues a deployment instruction from the control room to QSEs to interrupt their EILS Resources (actual deployment)
  - Each EILS Resource must deploy and meet contract requirements within 10 minutes
  - EILS Resource will be deployed for at least one 15 minute interval
  - If a resource fails its first test it is subject to a retest
  - If it fails a second test or actual deployment in any 365 day period it is subject to suspension
  - EILS Resources with a successful test or deployment are not subject to testing again for 365 days



# Questions?

