EILS Update

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DSWG

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1. Recap of WMS presentation: NPRR on self-provision settlement & other issues

2. Procurement schedule for Oct.'10-Jan.'11 Contract Period

3. EILS Subgroup of DSWG

NPRR: Primary Issue Summary

- **One QSE participated in EILS Self-Provision starting with the Oct.'09-Jan.'10 Contract Period**

- **When that Contract Period was settled in early April, ERCOT Staff and the QSE identified inequities in the existing settlement equations**

- **Current protocols under-value self-provided EILS in two ways:**

  1. Calculates the EILS obligations of self-providing QSEs as a percentage of the total unadjusted, originally procured EILS capacity – instead of delivered capacity (adjusted for availability and/or performance evaluations)

  2. Includes self-provided capacity, priced at $0, in the calculation of the weighted average price used to credit EILS self-provision

- **Bottom line: overstates the self-providing QSE's obligation, and under-values their self-provided capacity**

- **ERCOT Staff identified additional potential self-provision settlement issues with the existing language:**
  - Equations do not accurately account for the possibility of multiple QSEs self-providing EILS, especially if some self-provide greater than their obligation and others self-provide less than their obligation
  - Not a problem yet, but we can fix this now
- **Draft NPRR language establishes the concept of a 'self-provision capacity upper limit'**
  - Determined for all self-providing QSEs through simultaneous linear equations
  - Helps self-providers fine-tune their offers during procurement when less than 1,000 MW is procured
  - Ensures equitable settlement for all self-providers

NPRR is also a vehicle for addressing other issues with EILS:

- **Current language requires ERCOT to build individual default baseline models for each member of an EILS Load aggregation**
  - Workable to date with relatively small aggregations, but AMI metering could bring much larger aggregations
  - Would burden ERCOT systems without appreciable benefits
  - Revised language would allow ERCOT the option of summing the members' interval usage prior to building the baseline model
- **Conforms Nodal language to current (Zonal) practice by allowing fractional MW bids (to a tenth of a MW) as long as the 1 MW bid minimum is met**
  - 1 MW minimum is prescribed by PUC Rule

- **The draft NPRR also makes a number of changes that ERCOT considers to be clarifying in nature**
- **These changes will be described in detail in the Revision Description section of the NPRR**

Proposed NPRR Timeline

- **CEO Review next week**
- **Posted by Market Rules with a number by next week**
- **WMS on June 16**
- **DSWG on June 18**
- **WMS on June 21**
- **PRS on July 22**
- **PRS on Aug. 19 if necessary**
- **TAC by Sept. 2**
- **Board by Sept. 21**
- **Effective date (early cutover) of Oct. 1, 2010**
  - Provisions would cover all of Oct.'10-Jan.'11 EILS Contract Period

Procurement Schedule: Oct.-Jan. Contract Period

- **Detailed schedule is posted to EILS web page**
- **Key dates:**

June 25	DRAFT Tech Requirements Doc posted
July 7	MP comments on Tech Doc due at ERCOT
July 9	EILS Subgroup meets; Tech Doc review
July 13	RFP Issued; Final Tech Doc posted; RID process begins
Aug. 13	Last date to submit RIDs
Aug. 24	Baseline assignments delivered to QSEs
Aug. 31	Bids due
Sept. 17	ERCOT notifies QSEs of awards; contracts sent
Sept. 29	Contracts due at ERCOT
Oct. 1	First day of Contract Period

- **Draft Technical Requirements & Scope of Work for Oct.'10-Jan.'11 will be posted in 2 versions:**
  - Version A will assume no NPRR
  - Version B will assume NPRR will be approved for Oct. 1 effective date
    - Will be updated as necessary throughout the approval process
- **EILS Providers should be familiar with both versions and are encouraged to follow the NPRR's progress**

- **Non-TDSP meter data is due monthly, no later than 35 days after the end of a month**
- **Interval metered Loads without historical data will be assigned to the Alternate Baseline**
- **Non-interval metered Loads must have interval metering installed and data flowing by the first day of a Contract Period**
  - For ESI IDs, there is a gap between meter installation date and the time ERCOT begins to receive meter data through retail market transactions
  - This is true for IDR and AMI meters