**§25.507. Emergency Response Service.**

(a) **Purpose of Rule.** This rule establishes Emergency Response Service (ERS) as an expanded and more robust replacement for Emergency Interruptible Load Service (EILS). This rule establishes only the basic parameters for ERS while leaving the details of the service’s structure and implementation to ERCOT, subject to Commission oversight, so that ERCOT can have the necessary design and operating flexibility to act quickly as necessary to increase participation in and value from the service. Objectives in replacing EILS with ERS include: (1) maximizing the availability and capabilities of responsive load and dispatchable distributed generation to ERCOT as a contractual resource for management of EEA events and minimization of the potential need for firm load shedding during such events; and (2) increasing ERCOT’s flexibility in designing and managing its procurement and utilization of such responsive load and dispatchable distributed generation. In administering this rule, ERCOT shall seek to eliminate unnecessary restrictions on the provision of ERS, encourage continued participation in the service by current EILS loads, increase the availability and value of dispatchable distributed generation and individual and aggregated loads to provide ERS service under contract, and grow participation in ERS to an optimal level for system reliability purposes.

(b) **ERS procurement.** ERCOT shall procure ERS, a special emergency response service that is intended to be deployed by ERCOT in an Energy Emergency Alert (EEA) event.

(1) ERCOT shall determine the ERS contract periods during which ERS resources shall be obligated to provide ERS, including any additional ERS contract periods ERCOT deems necessary due to the depletion of available ERS.

(2) ERCOT may spend a maximum of $XXX million per calendar year on ERS. ERCOT may determine cost limits for each ERS contract period in order to ensure that the ERS cost cap is not exceeded. To minimize the cost of ERS, ERCOT may reject any offer that ERCOT determines to be unreasonable or outside of the parameters of an acceptable offer. ERCOT may also reject any offer placed on behalf of any ERS resource if ERCOT determines that it lacks a sufficient basis to verify whether the ERS resource complied with ERCOT-established performance standards in an EEA during the preceding ERS contract period.

(3) For each ERS time period of each ERS contract period, all ERS awards shall be paid a market clearing price equal to the maximum offer price per megawatt accepted by ERCOT for the applicable ERS time period, subject to any payment modification required by application of the provisions of subsection e(1) of this rule.

(c) **Definitions.**

(1) ERS contract period — A period defined by ERCOT for which an ERS resource is obligated to provide ERS.

(2) ERS resource — Dispatchable distributed generation or a load or aggregation of loads contracted to provide ERS.

(3) ERS time period — Sets of hours designated by ERCOT within an ERS contract period.

(4) ERCOT — The staff of the Electric Reliability Council of Texas, Inc.

(d) **Participation in ERS.** In addition to requirements established by ERCOT, the following requirements shall apply for the provision of ERS:

(1) An ERS resource must be represented by a qualified scheduling entity (QSE).

(2) QSEs shall submit offers to ERCOT on behalf of their ERS resources.

(A) Offers may be submitted for one or more ERS time periods within an ERS contract period.

(B) QSEs representing ERS resources may aggregate multiple loads to reach the minimum capacity offer requirement established by ERCOT. Such aggregations shall be considered a single ERS resource for purposes of submitting offers.

(3) ERCOT shall establish qualifications for QSEs and ERS resources to participate in ERS. ERCOT may establish different classes of ERS for loads with different notice periods for deployment, different contract period lengths, and/or other differences if such differences help to advance the objectives of ERS.

(4) A resource shall not commit to provide ERS if it is separately obligated to provide response with the same capacity during any of the same hours.

(5) ERCOT shall establish performance criteria for QSEs and ERS resources. ERCOT shall not establish ERS performance criteria or baseline methodologies more restrictive than that established for EILS on the effective date of this rule.

(6) When dispatched by ERCOT, ERS resources shall deploy consistent with their obligations and shall remain deployed until recalled by ERCOT.

1. ERCOT may deploy ERS resources as often and for any duration ERCOT deems necessary, subject to the limitations specified in this rule. Except as provided in paragraph (8), below, ERS deployment shall be limited to two deployment occurrences and a maximum of eight cumulative hours of deployment in an ERS contract period, assuming a four-month contract term is employed. Should a standard contract term of longer or shorter than four months be employed by ERCOT, the maximum of eight cumulative hours of deployment in an ERS contract period shall be increased or decreased proportionately. However, if an instruction issued prior to reaching the deployment duration limit would cause the cumulative total ERS deployment period to exceed the applicable limit, each ERS resource must continue providing ERS consistent with its obligations in each ERS time period until the expiration of the instruction or until released by ERCOT, whichever comes first.
2. Upon reaching theapplicable limit on cumulative hours of deployment or the limit on the number of deployments, ERCOT shall have the option to renew an ERS resource’s obligation according to the same contract terms, subject to the consent of the ERS resource and its QSE. Should ERCOT and the ERS resource not agree to the renewal, ERCOT may negotiate a renewal based on mutually agreeable terms. ERCOT may renew the obligation on each occasion that ERCOT reaches the eight-hour limit, provided the renewal does not cause the annual expenditure cap to be exceeded.
3. ERCOT shall establish procedures for testing of ERS resources.

(e) **ERS Payment and Charges.**

(1) ERCOT shall make a payment to each QSE representing an ERS resource subject to modifications determined by ERCOT based on the ERS resource’s availability during an ERS contract period and the ERS resource’s performance in any deployment event.

(2) ERCOT shall charge each QSE a charge for ERS based upon its load ratio share during the relevant ERS time period and ERS contract period.

(3) ERCOT shall settle an ERS contract period within 80 days following the completion of the ERS contract period.

(f) **Compliance.** A QSE representing ERS resources is subject to administrative penalties for non-compliance, by the QSE or the ERS resources it represents, with this rule or any related ERCOT Protocols, Operating Guides, or other ERCOT standards. ERCOT shall establish criteria for reducing a QSE’s payment and/or suspending a QSE from participation in ERS for failure to meet its ERS obligations, and shall also establish criteria for subsequent reinstatement. In addition, ERCOT shall establish criteria under which an ERS resource shall be suspended for non-compliance, and shall also establish criteria for subsequent reinstatement. ERCOT shall notify the commission of all instances of non-compliance with this rule or any related ERCOT Protocols, Operating Guides, or other ERCOT standards. ERCOT shall maintain records relating to the alleged non-compliance.

(g) **Reporting.** Prior to the start of an ERS contract period, ERCOT shall report publicly the number of megawatts (MW) procured per ERS time period, the number of ERS resources providing the service, and the projected total cost of the service for that ERS contract period. ERCOT shall review the effectiveness and benefits of ERS and report its findings to the commission annually by April 15 of each calendar year. The report shall contain, at a minimum, the number of MW procured in each period, the total dollar amount spent, the number and level of EEA events, and the number and duration of deployments.

(h) **Implementation.** ERCOT shall develop additional procedures, guides, technical requirements, protocols, and/or other standards that are consistent with this section and that ERCOT finds necessary to implement ERS, including but not limited to developing a standard form ERS Agreement and specific performance guidelines and grace periods for ERS resources.

(i) **Self Provision**. ERCOT shall establish procedures for self provision of ERS by any QSE.