**§25.507. Electric Reliability Council of Texas (ERCOT) Emergency Interruptible Load Service (EILS) – amended rules (draft).**

(a) **EILS procurement.** ERCOT may procure EILS, a special emergency response service that is intended to be deployed by ERCOT in an Energy Emergency Alert (EEA) event prior to or in conjunction with ERCOT instructing transmission and distribution service providers to interrupt firm load.

(1) EILS may be procured for one or more of three contract periods:

(A) February through May;

(B) June through September; and

(C) October through January.

(2) Notwithstanding the foregoing, ERCOT may restructure the contract periods to facilitate additional load participation in EILS. ERCOT must publicly announce any changes to the contract period schedule described above at least 90 days prior to the next contract period start date.

(2) ERCOT may spend a maximum of $50 million per calendar year on EILS. ERCOT may determine cost limits for each EILS contract period in order to ensure that the EILS cost cap is not exceeded. To minimize the cost of EILS, 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 EILS resource if ERCOT determines that it lacks a sufficient basis to verify whether the EILS resource complied with ERCOT-established performance standards in an EEA during the preceding EILS contract period.

(b) **Definitions.**

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

(2) EILS resource — Dispatchable Behind-the-Meter distributed generation used for load shedding or a load or aggregation of loads contracted to provide EILS.

(3) EILS time period — Sets of hours designated by ERCOT within an EILS contract period. (4) ERCOT — The staff of the Electric Reliability Council of Texas, Inc.

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

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

(2) QSEs shall submit offers to ERCOT on behalf of - EILS resources.

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

(B) The minimum amount of EILS that may be offered in a bid to ERCOT isone hundred KWQSEs representing EILS resources may aggregate multiple resources to reach the minimum capacity offer requirement. Such aggregations shall be considered a single ERS resource(2) To qualify to participate in the EILS program, an EILS resource shall meet the technical requirements set out in this paragraph.

Each EILS resource shall have a dedicated installed Interval Data Recorder (IDR) meter or equivalent. If the IDR meter or equivalent is not used for settlement with ERCOT, then the meter and the method and format used to collect and transfer the meter data are subject to ERCOT approval. This subsection also applies to meters behind a Non-Opt-In Entity (NOIE) meter point, to meters behind a private network’s settlement meter point, and to separately metered loads behind a single ESI ID. This requirement shall not apply to customers participating in aggregations of EILS resources if a statistically valid alternative to universal IDR metering for measurement and verification consistent with industry best practices can be developed and approved by ERCOT.

(C) An EILS resource shall be capable of reducing its load by its contracted capacity within one hour of an ERCOT verbal dispatch instruction (VDI) to its QSE and shall be capable of maintaining its performance at contracted levels for the entire period of the EILS deployment.

(D) EILS resources, once deployed, shall be able to return to their contracted operating level for providing EILS within eight hours following the recall instruction.

(E) EILS resources shall be subject to qualification, testing, and performance requirements as developed and administered by ERCOT.

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(3) ERCOT shall establish an individual load baseline for each proposed EILS resource. If the EILS resource is an aggregation of ESI IDs, ERCOT shall take into account the load characteristics of each ESI ID represented by the EILS resource.

(A) ERCOT shall review IDR data or equivalent from the most recent available 12-month period to determine an EILS Resource’s consumption. If 12 months of IDR data are not available, ERCOT may use reliable meter data for a shorter period or from a different source, at its reasonable discretion. If ERCOT does not possess sufficient data, the EILS Resource or its QSE must provide data to ERCOT according to ERCOT’s specifications.

(B) ERCOT may establish an alternate baseline methodology to accommodate loads for which a sufficiently accurate default baseline cannot be established.

(C) Baselines shall be used to verify or establish an EILS Resource’s maximum contract amount and to verify the EILS resource’s performance as compared to its contracted capacity during an EILS deployment event.

(4) EILS shall be deployed by ERCOT byVDIs in a single phone call to all QSEs providing EILS.

An EILS resource shall be subject to a maximum of two deployments per month, lasting no more than a total of eight hours per month.(D) ERCOT may conduct a load-shedding test of each EILS resource once a year unless the EILS resource has met its performance obligations during an EILS deployment during the preceding 12 months. ERCOT tests are not “deployments” under subparagraph (C) of this paragraph.

(4) A resource shall not commit to provide EILS 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 EILS resources and provide notification of the criteria (or any changes to the criteria) at least 150 days prior to the commencement of a contract period.

(6) When dispatched by ERCOT, EILSS resources shall deploy consistent with their obligations and shall remain deployed until the earlier of the completion of the maximum total monthly deployment or the recall by ERCOT.

1. ERCOT may deploy EILS resources as often as ERCOT deems necessary, subject to the monthly deployment caps and the annual expenditure cap. Except as provided in paragraph (8), below, EILS deployment shall be limited to a maximum of eight hours per month in an EILS contract period. However, if an instruction issued prior to reaching the eight-hour limit would cause the cumulative total EILS deployment period to exceed eight hours, each EILS resource must continue providing EILS consistent with its obligations in each EILS time period until the expiration of the monthly deployment cap or until released by ERCOT, whichever comes first.
2. ERCOT shall establish procedures for testing of EILS resources.

(d) **EILS Payment and Charges.**

(1) ERCOT shall pay a capacity payment to each QSE representing an EILS resource subject to modifications determined by ERCOT based on the EILS resource’s availability during an EILS contract period, and the EILS resource’s performance in the deployment events during that contract period.

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

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

(5) ERCOT shall make the following available to market participants through market notices and by posting on a publicly accessible section of the ERCOT web site no later than 150 days prior to the commencement of a Contract Period:

(A) Methodology used to develop baseline formulas;

(B) Formulas used for wholesale market settlement; and

(C) Equations used to determine an EILS resource’s compliance with its obligations in an EILS deployment.

(e) **Compliance.** A QSE representing EILS resources is subject to administrative penalties for non-compliance by the QSE 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 EILS for failure to meet its obligations, and shall also establish criteria for subsequent reinstatement. In addition, ERCOT shall establish criteria under which an EILS 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.

(f) **Reporting.** Prior to the start of an EILS contract period, ERCOT shall report publicly the number of megawatts (MW) procured per EILS time period, the number of EILS resources providing the service, and the projected total cost of the service for that EILS contract period. ERCOT shall review the effectiveness and benefits of EILS 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 during the previous calendar year, the number and level of EEA events, and the number and duration of deployments.

(g) **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 EILS, including but not limited to developing a standard form EILS Agreement and specific performance guidelines and grace periods for EILS resources.

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