ERCOT’s Proposed Method for implementing straw-man proposal of ERS for localized transmission congestion

The following is ERCOT’s proposed method for implementing the proposed changes associated with project 45927 – Rulemaking Regarding Emergency Response Service which would add that ERS could also be deployed by ERCOT to forestall or mitigate involuntary load curtailment in the event of actual or anticipated localized transmission congestion.

There were four guiding principles that ERCOT followed during the internal development of this proposal.

1. Parameters associated with local congestion issues should be defined in advance of the procurement process so that interested parties can evaluate the risk of providing the service and offer accordingly.
2. With approximately 50% of the ERS capacity typically provided by resources that are comprised of aggregations of individual sites it is important that the proposal allow aggregations to participate. Proposals should create incentives for QSEs to aggregate in specified areas. If they don’t (ie; they aggregate region-wide) those aggregated ERS Resources would be ineligible to participate in this new procurement type.
3. Resources participating in local ERS would be expected to be subject to deployment for system-wide emergencies as well while taking into consideration the number and duration of total deployments.
4. Implementation must include a reasonable solution for incorporating the functionality for procurement, performance assessment and payment within the existing ERS processes as well as changes needed to manage both local and system-wide deployment by the ERCOT deployment manager.

ERCOT proposes to use much of the existing structure defined by the current ERS procurement methodology with a few minor changes to implement the proposed rule changes. Prior to the release of the ERS Procurement RFP, ERCOT will review and establish the risk factors associated with each standard time period and identify any local areas of concern for the upcoming Standard Contract Term. During this process the local area (local ERS) would be defined by location specific parameters (e.g. Load Zone, counties, transmission substations, etc). Risk factors would be assigned to the local ERS area and used in the same manner as the time period risk factors are used today to allocate ERS money. An example of a modified Expenditure Limit Allocation table is shown below.



Other unique parameters may also be defined and communicated through the ERS Procurement RFP. Some examples of these unique parameters include the maximum number of deployments during the contract period, total deployment hours, maximum deployment hours per event, etc. ERCOT may elect to define a minimum procurement capacity for local ERS with the understanding that if the minimum is not achieved then no local ERS will be procured for that contract period.

Any Local ERS areas for a particular procurement cycle would be procured using a separate offer stack comprised of only validated local ERS Resources. During the ERID process (ERS Resource Identification) ERCOT will verify that all sites associated with a potential Local ERS resource meet the criteria for the defined area. This will help ensure that the deployment of these ERS Resources will result in the appropriate impact to the constrained area.

QSEs will be allowed to offer a Resource into both regular and local ERS for time-periods identified as applicable to local ERS; the offer prices may vary between the two services. In such cases, validated offers into local ERS will be considered first; if the Resource is not procured for local ERS, the regular ERS offer will be considered.

Only resources offered and procured to provide local ERS will have an obligation to deploy during local ERS events. ERS resources procured only to provide standard (for system-wide capacity insufficiency) ERS will not have an obligation to deploy for local ERS events.

Payment to provide local ERS will be determined and paid in accordance with the same rules that apply for the current standard ERS product with the only differences possibly being the hours of obligation or other unique parameters defined for local ERS in the ERS Procurement RFP.