

February 6, 2020

Public Utility Commission of Texas  
Chairman DeAnn T. Walker  
Commissioner Arthur C. D’Andrea  
Commissioner Shelly Botkin  
1701 N. Congress Ave.  
Austin, Texas 78711

Re: *PUC Project No. 49852 – Review of Summer 2019 ERCOT Market Performance*

*Updated Total System Demand Response/Price Response Results for Summer 2019  
Peak Week August 12 – August 16, 2019*

Dear Chairman and Commissioners:

On October 11, 2019, Electric Reliability Council of Texas, Inc. (ERCOT) presented its review of Summer 2019 to the Public Utility Commission of Texas (Commission). In that presentation, ERCOT presented preliminary load reduction observations of demand and price response that occurred for the peak week of Summer 2019 in the ERCOT Region – namely, August 12 through August 16. At that time, ERCOT did not have available survey results from Retail Electric Providers (REPs) and Non Opt-In Entities (NOIEs) to support its preliminary observations. The results have now been submitted, compiled, analyzed and are shown in the attached table titled ‘Updated Total System Demand Response/Price Response Results.’ This table enhances ERCOT’s previous load reduction observations to reflect the outcomes of the surveys and additional analysis.<sup>1</sup>

As way of background, ERCOT has collected demand and price response information from REPs in the ERCOT Region on an annual basis since 2013. The data collected has included lists of Electric Service Identifiers (ESI IDs) – in other words, Customers – participating in REP-sponsored demand and price response programs as of a snapshot date as well as dates, if applicable, for any specific deployments of load reduction programs. In 2018, ERCOT expanded its survey scope to include NOIEs to collect similar information for their service areas. For NOIEs, the data collected has included residential and non-residential customer counts as well as load reduction deployment dates. The same categories are used for both REPs and NOIEs.<sup>2</sup>

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<sup>1</sup> ERCOT continues to analyze the data and there may be incremental changes over time.

<sup>2</sup> The data collected as described above has been used in conjunction with interval data in ERCOT’s settlement system to calculate aggregate performance by program category. For the competitive areas of the ERCOT Region, the interval data at the ESI ID level has been used; for NOIE areas, the interval data is calculated during ERCOT’s data aggregation process and represents the actual NOIE load.

The load reduction quantities reported in the table represent those results for the peak week, hour-ending 17:00 (5:00 PM) for Summer 2019 – again, August 12 – 16. The day-to-day variability in response for 4-Coincident Peak (4CP)/NearCP and Price Response is a consequence of individual ESI ID and NOIE decisions about the cost-benefit of responding on a particular day. Significant overlap among competitive ESI IDs does exist across 4CP/NearCP, Price Response, Emergency Response Service (ERS) and Transmission and/or Distribution Service Provider (TDSP) Standard Offer Programs (SOPs). Significant overlap also occurs among NOIEs between 4CP/NearCP and Price Response.

The overlap can be significant and can result in an overestimate or an underestimate of total demand response. For example, if one was to calculate the total demand response resulting from the survey results and compared that total to the actual observed reduction in demand, the survey results would overestimate demand response by 2,609 MW on August 13 and underestimate demand response by 1 MW on August 16.

The basis for the overlap is that categories are behavioral and surveying the REPs and NOIEs does not allow ERCOT to definitively know the reason load responded on a particular day. Differentiating between price response and 4CP is difficult because they are not necessarily structured programs but incentives that exist in the market for load response. Some load may respond to a \$9,000 price whereas other load may need the \$9,000 price plus the value of 4CP to respond on a particular day.

On the other hand, the ERS program administered by ERCOT and the TDSP SOPs are programs that do not allow overlap as there is a prohibition on dual participation between the two programs. However, an ERS participant could curtail for 4CP or price. In summary, the ‘Total System Level DR/PR’ column in the table eliminates double counting and represents the best indication of overall demand and price response for that peak week.

### **Additional Details of Certain Programs**

#### ERS

The ‘Competitive ERS Load’ column represents load reductions by competitive ESI IDs that were officially deployed for the August 13 and 15 Energy Emergency Alert (EEA) events. August 13 represents ERS-10 and ERS-30 deployments; whereas, August 15 represents only ERS-30 deployment. The reductions reported were for ERS load in competitive areas of the ERCOT Region (as noted in the table, about 35 MW of load in NOIE areas were deployed for ERS and are accounted for in the NOIE deployment amounts). The ERS Generator contribution is not included in the ERS totals, since nearly all of them (those registered as Settlement Only Generators) are treated as generation used to meet system load. Any load reduction associated with the deployment of ERS Generators is included as an ERS Load reduction.

#### TDSP Standard Offer Programs

The load reductions reported for TDSP Standard Offer Programs are associated with certain TDSP-initiated deployments of their SOPs on August 12 and 13. ERCOT determined the reduction amounts using the ESI IDs provided by the TDSPs and eliminating any double-counting between ERS and the TDSP SOPs. Although the TDSPs and ERCOT have an agreement for the TDSP

SOPs to be deployed for an EEA Level 2 (EEA2) event, they were not deployed under the terms of that agreement as there were no EEA2 events for Summer 2019.

ERCOT hopes that this information is helpful in the Commission's discussion on market performance. Please do not hesitate to call me if you have any questions.

Regards,



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# Updated Total System Demand Response/Price Response Results

					Survey Results		
Date	Characteristics (all response is in MW for HE 17)	Total System- Level DR/PR	Competitive ERS Load*	TDSP Standard Offer Program	4CP/Near 4CP NOIE and Competitive Response	Price Responsive Demand NOIE + Competitive Market	Peak Rebate/ Direct Load Control
Aug 12	4CP Day	2,223	0	157	2,082	1,865	2
Aug 13	EEA1, Near CP	2,604	472	19	2,136	2,487	146
Aug 14	High Prices, High Load	1,068	0	0	946	979	0
Aug 15	EEA1, Max Prices, High Load	2,114	440	0	1,741	1,489	3
Aug 16	High Prices	1,135	0	0	0	1,039	95

- Some ESI IDs participate in multiple programs.
- The total system level DR, eliminates double counting.
- The program-level response reflects response provided by all ESI IDs on the program.
- \*ERS Response is limited to load (no generation) and does not include NOIE response which is approximately 35 MW