



Value of Lost Load (VOLL) Study Update

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TAC
December 4, 2023

ERCOT Public
November 29, 2023

Agenda

- Overview
- VOLL Background
- VOLL Study
- ICE Calculator 2.0
- Survey Overview
- Survey Distribution
- CBCI Request
- Data Confidentiality
- Next Steps

Overview

- **Purpose**

Provide current status of ERCOT's VOLL study

- **Key Takeaways**

- Brattle Group engaged to analyze VOLL study and PlanBeyond engaged to provide market research expertise on customer surveys
- Agreement with Lawrence Berkeley National Labs (LBNL) to use ICE Calculator 2.0 surveys for VOLL study
- December 7: VOLL survey plan to be filed with Commission
- Week of December 18: Literature review and interim VOLL filed
- Q1 2024: VOLL survey rollout

VOLL Background

- VOLL: customer's willingness to pay for reliable electric service
- Current ERCOT VOLL: \$5,000 per MWh
 - Previously equal to System-Wide Offer Cap, now decoupled following Apr. 29, 2022 Commission approval of Proposal for Adoption in Project 53191
- Per Commission direction, VOLL study to be performed for the ERCOT Region
 - Will inform Commission discussions regarding ERCOT-wide and/or customer class VOLLs

Key Takeaway: Updated VOLL is necessary to support establishment of reliability standard.

VOLL Study

- To conduct VOLL study, engaged Brattle Group for industry expertise and PlanBeyond for survey administration expertise. Study to consist of three elements:
 1. Literature review
 2. Development of interim VOLL value
 3. Customer survey
- LBNL agreement to maximize synergies with Interruption Cost Estimate (ICE) Calculator 2.0
- Dec. 14 Open Meeting: VOLL survey plan filing to include sample size, data collection process, proposed stakeholder partners for survey administration, and econometric approach to data analysis
- Late Dec. 2023: Literature review and interim VOLL filing to include preliminary VOLLs by customer class and by outage duration

Key Takeaway: VOLL study is underway, with literature review and interim VOLL to be complete December 2023 and VOLL survey rollout in Q1 2024.

ICE Calculator 2.0

- LBNL: national laboratory coordinating with Dept. of Energy
- ICE Calculator: longstanding tool to estimate costs of electric service interruption and benefits associated with reliability improvements
 - www.ICEcalculator.com
- June 2022: ICE Calculator 2.0 launch to update underlying data
 - LBNL partnered with utilities nationwide to perform 2.0 update, including AEP Texas in ERCOT Region
 - LBNL and Resource Innovations developed customer surveys
- ERCOT and Brattle determined that the ICE surveys would be used for the VOLL study, with potential to add limited questions

Key Takeaway: Coordinating ERCOT VOLL study with LBNL leverages broad expertise

Survey Overview

- Three scenario-based survey forms:
 1. Residential
 2. Small/Medium Commercial
 3. Large Commercial/Industrial
- Approximate* outreach level:
 - Residential: 15,000-20,000 contacts to achieve ~1,000-2,000 responses
 - Small/Medium Commercial: 5,000+ contacts to achieve ~250 responses
 - Large Commercial/Industrial: 1,000 contacts to achieve ~150 responses
- To encourage customer response:
 - Customer financial incentives (e.g., gift cards)
 - Support from REPs, TDUs, NOIEs and trade associations/customer representatives (e.g., TIEC)
- February 2024: begin VOLL survey distribution to customers

Key Takeaway: Stakeholder support will be key to encouraging robust customer participation.

*Number of contacts and response rate are preliminary and expected to change based on subsequent refinement.



Survey Distribution

- Surveys primarily distributed to customers via emailed unique hyperlink
- Three potential paths to distribute survey:
 1. Brattle/PlanBeyond distributes survey using customer contact info provided by REPs, TDUs, NOIEs, and/or ERCOT
 2. REPs, TDUs, and NOIEs distribute survey using their customer contact info
 3. Hybrid: Brattle/PlanBeyond distributes survey in competitive areas using ERCOT Customer Billing Contact Information (CBCI) and NOIEs distribute in their service territories
- Stakeholder provision of customer contact information to ERCOT may entail Protected Customer Information (PCI), unless it is able to be anonymized
- ERCOT use of CBCI for survey distribution limits exchange of customer contact information and reduces risk of survey distribution delays

Key Takeaway: Method of survey distribution dependent on ability to use customer contact information

CBCI Request

- Competitive Retailers (CRs) submit CBCI to ERCOT monthly
 - Includes customer's billing address (mandatory) and email address (optional)
- 16 TAC § 25.43(p)(7) and Protocol § 15.1.3.3(1) requires that CBCI provided to *POLRs* only be used for mass transitions, but does not appear to prohibit ERCOT from using CBCI for other purposes.
- ERCOT may use January/February 2024 CBCI for customer contact information in competitive areas.
 - CRs are requested to include an email address for each customer in January and February 2024 CBCI submissions.
 - Not using CBCI shifts the primary distribution responsibility to REPs and TDUs, which risks delay of survey rollout.

Key Takeaway: CBCI may be option to distribute VOLL survey in competitive areas.

Data Confidentiality

- VOLL surveys do not request PCI (e.g., historical usage of a specific customer)
- Survey data will be anonymous and solely identifiable via a unique identifier number
- Responses will also be aggregated for analysis
- All data collected is subject to ERCOT's security assessment protocol, requiring appropriate encryption of confidential information (in transit and in rest)
- ERCOT reviewed Brattle's and PlanBeyond's security policies, processes, and procedures, including cloud components, as part of the engagement process.

Key Takeaway: Survey data will not include PCI and data security has been thoroughly vetted

Next Steps

- Dec. 5: ERCOT presentation to RMS
- Dec. 7: VOLL survey plan filed with PUC
- Dec. 14 Open Meeting: PUC feedback on VOLL survey plan
- Late Dec.: Literature review and interim VOLL filed with PUC
- Jan./Feb. Open Meetings: Additional opportunities for ERCOT update filings and Commission feedback
- Feb. 2024: VOLL survey distribution begins
- Q2 2024: Complete analysis of VOLL survey data; VOLL study filed with PUC

Questions?

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