

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS.

Subchapter S. WHOLESALE MARKETS.

§25.507. Electric Reliability Council of Texas (ERCOT) Emergency Response Service (ERS).

- (a) **Purpose.** The purpose of this section is to promote reliability during energy emergencies through provisions that provide ERCOT flexibility in the implementation and administration of ERS.
- (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 \$50 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 ERS deployment event during the preceding ERS contract period.
- (c) **Definitions.**
- (1) ERS contract period -- A period defined by ERCOT for which an ERS resource is obligated to provide ERS.
 - (2) ERS resource -- A resource contracted to provide ERS that meets one of the following descriptions:
 - (A) A load or aggregation of loads; or
 - (B) A dispatchable generator that is not registered with ERCOT as a Generation Resource, or an aggregation of such generators.
 - (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.
 - (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.
 - (6) When dispatched by ERCOT, ERS resources shall deploy consistent with their obligations and shall remain deployed until recalled by ERCOT.
 - (7) ERCOT may deploy ERS resources as necessary, subject to the annual expenditure cap. Deployment of an ERS resource shall be limited to a maximum of eight cumulative hours in an ERS contract period. However, if an instruction causes the cumulative total ERS deployment time to exceed eight hours within a contract period, each ERS resource shall

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remain deployed until permitted by ERCOT procedures or by ERCOT instructions to return from deployment.

- (8) Upon exhaustion of an ERS resource's obligation in any contract period, ERCOT shall have the option to renew that obligation, subject to the consent of the ERS resource and its QSE. ERCOT may renew the obligation on each occasion that the resource's obligation is exhausted.
 - (9) ERCOT shall establish procedures for testing of ERS resources.
 - (10) A resource with a pre-existing contract to provide ERS may submit a proposal to serve as an alternative to a resource subject to reliability must-run (RMR) service for the same period. If the resource is selected, ERCOT shall appropriately modify or terminate the resource's pre-existing ERS contract to allow the resource to participate as an RMR alternative.
- (e) **ERS Payment and Charges.**
- (1) ERCOT shall make a payment to each QSE representing an ERS resource on an as-bid basis, a market clearing price mechanism, or such other mechanism as ERCOT deems appropriate, 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 noncompliance, 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 and type 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.