

**PROJECT NO. 45927**

**RULEMAKING REGARDING § PUBLIC UTILITY COMMISSION**  
**EMERGENCY RESPONSE SERVICE §**  
**§ OF TEXAS**

**PROPOSAL FOR PUBLICATION OF AMENDMENT TO §25.507**  
**AS APPROVED AT THE OCTOBER 7, 2016 OPEN MEETING**

The Public Utility Commission of Texas (commission) proposes amendment to §25.507, relating to Electric Reliability Council of Texas (ERCOT) Emergency Response Service (ERS). The proposed amendment will enable the deployment of ERS to help prevent or mitigate involuntary load curtailment by ERCOT in the event of actual or anticipated localized transmission congestion, and will excuse an ERS participant from ERS contractual obligations in order to permit that participant to serve as an alternative to a reliability-must-run agreement. Project Number 45927 is assigned to this proceeding.

Mark Bryant, Senior Economist, Competitive Markets Division, has determined that for each year of the first five-year period the proposed section is in effect there will be no fiscal implications for state or local government as a result of enforcing or administering the section.

Dr. Bryant has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will be a reduced likelihood of involuntary load curtailment due to localized transmission congestion and potential cost savings in the procurement of MRA resources. There will be no adverse economic effect on small businesses or micro-businesses as a result of enforcing this section. Therefore, no

regulatory flexibility analysis is required. There is no anticipated economic cost to persons who are required to comply with the section as proposed.

Dr. Bryant has also determined that for each year of the first five years the proposed section is in effect there should be no effect on a local economy, and therefore no local employment impact statement is required under Administrative Procedure Act (APA), Texas Government Code §2001.022.

The commission staff will conduct a public hearing on this rulemaking, if requested pursuant to the Administrative Procedure Act, Texas Government Code §2001.029, at the commission's offices located in the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas 78701 on November 30, 2016. The request for a public hearing must be received within 30 days after publication.

Comments on the proposed amendment may be submitted to the Filing Clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326, within 31 days after publication. Sixteen copies of comments to the proposed amendment are required to be filed pursuant to §22.71(c) of this title. Reply comments may be submitted within 45 days after publication. Comments should be organized in a manner consistent with the organization of the proposed rule. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed section. The commission will consider the costs and benefits in deciding whether to adopt the section. All comments should refer to Project Number 45927.

This amendment is proposed under the Public Utility Regulatory Act, Texas Utilities Code Annotated §14.002 (West 2016) (PURA), which provides the Public Utility Commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction; and specifically, PURA §39.151, which provides the commission with the authority to oversee ERCOT.

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

- (a) (No change.)
- (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, or to forestall or mitigate involuntary load curtailment in the event of actual or anticipated localized transmission congestion.
- (1) (No change.)
- (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~~EEA~~ during the preceding ERS contract period.
- (c) (No change.)
- (d) **Participation in ERS.** In addition to requirements established by ERCOT, the following requirements shall apply for the provision of ERS:
- (1)-(9) (No change.)

(10) If, during an ERS contract period, the owner of a participating ERS resource enters into an agreement with ERCOT under which the resource serves as an alternative to a reliability-must-run (RMR) resource, the ERS resource's obligation shall be extinguished on the effective date of the agreement for the remainder of the contract period for all hours in any ERS time period that coincides in part or in whole with any hours for which the resource is obligated to provide service as an RMR alternative. The QSE representing the resource shall receive no payment for that resource for such ERS time periods for the remainder of the ERS contract period. Any ERS resource or group of sites in an ERS resource that is obligated to provide ERS for the purpose of addressing local congestion, or that has offered to provide such ERS, may not be offered to provide service as an RMR alternative for any hours in which the resource is already obligated to provide ERS.

(e)-(i) (No change.)

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

**ISSUED IN AUSTIN, TEXAS ON THE 10<sup>TH</sup> DAY OF OCTOBER, 2016 BY THE  
PUBLIC UTILITY COMMISSION OF TEXAS  
ADRIANA A. GONZALES**