

# 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 through provisions that provide ERCOT flexibility in the implementation and administration of ERS.
- (b) **ERS procurement.** ERCOT must procure ERS, a special emergency response service to be deployed by ERCOT to help prevent or alleviate an actual or anticipated Energy Emergency Alert (EEA) event.
- (1) ERCOT will determine the ERS standard contract terms under which ERS resources are obligated to provide ERS, including renewal of ERS contract periods ERCOT deems necessary due to the depletion of available ERS.
  - (2) ERCOT may spend a maximum of \$75 million in a 12-month period on ERS, unless otherwise determined by the commission. During that 12-month period, ERCOT may exceed the \$75 million maximum by up to an additional \$25 million for ERS contract renewals under paragraph (d)(9) of this section during a period where ERS has been exhausted. ERCOT may determine cost limits for each ERS standard contract term in order to ensure that the ERS expenditure 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 standard contract term.
- (c) **Definitions.**
- (1) ERS contract period -- A period defined by ERCOT for which an ERS resource is obligated to provide ERS, consisting of all or part of the hours in an ERS standard contract term.
  - (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 standard contract term -- Periods for which ERCOT may procure ERS.
  - (4) ERS time period -- Set of hours designated by ERCOT within an ERS standard contract term.
- (d) **Participation in ERS.** In addition to requirements established by ERCOT, the following requirements apply for the provision of ERS:
- (1) An ERS resource must be represented by a qualified scheduling entity (QSE).
  - (2) Offers must be submitted to ERCOT through a QSE.
    - (A) An offer 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 will be considered a single ERS resource for purposes of submitting offers.
  - (3) ERCOT must establish qualifications for QSEs and ERS resources to participate in ERS.
  - (4) A resource must 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 must establish performance criteria for QSEs and ERS resources.
  - (6) When dispatched by ERCOT, an ERS resource must deploy consistent with its obligations and must remain deployed until recalled by ERCOT.
  - (7) ERCOT may deploy ERS as necessary, subject to the annual expenditure cap.
  - (8) Deployment of an ERS resource must be limited to the number of hours for which the service was contracted, up to a maximum of 24 cumulative hours in an ERS contract period. However, if an instruction causes the cumulative total ERS deployment time to exceed the number of hours contracted within an ERS contract period, each ERS resource must remain deployed until permitted by ERCOT procedures or by ERCOT instructions to return from deployment.

- (9) Upon exhaustion of an ERS resource's obligation in any ERS contract period, ERCOT may 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. ERCOT may limit the renewal quantity to manage the overall cost of the service or for reliability needs.
  - (10) ERCOT must establish procedures for testing of ERS resources.
  - (11) A resource with a pre-existing obligation 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 must appropriately modify or terminate the resource's pre-existing ERS obligation to allow the resource to participate as an RMR alternative.
- (e) **ERS payment and charges.**
- (1) ERCOT must 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 standard contract term and the ERS resource's performance in any deployment event.
  - (2) ERCOT must charge each QSE a charge for ERS based upon its load ratio share during the relevant ERS time period and ERS standard contract term.
  - (3) ERCOT must settle an ERS contract period within 80 days following the completion of the ERS standard contract term.
- (f) **Compliance.**
- (1) A QSE representing an ERS resource is subject to administrative penalties for noncompliance with this rule or any related ERCOT Protocols, Operating Guides, or other ERCOT standards, by the QSE or the ERS resource it represents.
  - (2) ERCOT must establish criteria for reducing a QSE's payment, suspending a QSE from participation in ERS, or both, for failure to meet its ERS obligations, and must also establish criteria for subsequent reinstatement.
  - (3) ERCOT must establish criteria under which an ERS resource will be suspended for noncompliance with this rule or any related ERCOT Protocols, Operating Guides, or other ERCOT standards, and must also establish criteria for subsequent reinstatement.
  - (4) ERCOT must notify the commission of all instances of noncompliance with this rule or any related ERCOT Protocols, Operating Guides, or other ERCOT standards.
  - (5) ERCOT must maintain records relating to any alleged noncompliance with this rule or any related ERCOT Protocols, Operating Guides, or other ERCOT standards.
- (g) **Reporting.** Prior to the start of an ERS standard contract term, ERCOT must 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 standard contract term. ERCOT must review the effectiveness and benefits of ERS and report its findings to the commission annually by April 15 of each calendar year. The report must contain, at a minimum, the number of MW procured in each period, the total dollar amount spent, the number and duration of deployments, and the circumstances that led to each deployment.
- (h) **Implementation.** ERCOT must develop, in consultation with commission staff, additional procedures, guides, technical requirements, protocols, 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 must establish procedures for self-provision of ERS by any QSE.