

**PUBLIC UTILITY COMMISSION OF TEXAS
PUBLIC NOTICE OF WORKSHOPS ON PROJECT NO. 41061
RULEMAKING REGARDING DEMAND RESPONSE INPUTS INCLUDED IN THE
ELECTRIC RELIABILITY COUNCIL OF TEXAS (ERCOT) MARKET
AND PROJECT NO. 41060
INPUTS INCLUDED IN THE ERCOT
CAPACITY, DEMAND, AND RESERVES (CDR) REPORT
AND REQUEST FOR COMMENTS**

The Public Utility Commission of Texas (commission) will hold a workshop regarding Project No. 41061, Rulemaking Regarding Demand Response in the Electric Reliability Council of Texas (ERCOT) Market commencing on Thursday, March 14, 2013 at 9:00 a.m., and regarding Project No. 41060, on the inputs included in the ERCOT Capacity, Demand, and Reserves (CDR) Report commencing on Thursday, March 14, 2013 at 1:00 p.m. Both workshops will be conducted in the Commissioners' Hearing Room, located on the 7th floor of the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas 78701. In preparation for the workshops, the commission requests comments from interested parties on Project 41061 to explore the potential impact of demand response (DR) and further integration of this resource into the market. The commission also requests comments from interested parties on Project 41060 on components, options, and possible obstacles/questions for each input included in the ERCOT CDR Report.

Comments may be filed by submitting 16 copies to the commission's Filing Clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 by February 15, 2013. All responses should reference either Project No. 41060 or Project No. 41061. The commission request comments be limited to 20 pages for each project.

On March 7, 2013, the commission shall make available in Central Records under Project No. 41060 and Project No. 41061 an agenda for the format of the workshop. Questions concerning the workshop or this notice should be referred to: for Project 41061, Rebecca Reed, Wholesale Markets Analyst, Competitive Markets, (512) 936-7371; for Project 41060, Diana Leese, Wholesale Markets Analyst, Competitive Markets, (512) 936-7204. Hearing and speech-impaired individuals with text telephones (TTY) may contact the commission at (512) 936-7136.

**ISSUED IN AUSTIN, TEXAS ON THE _____ DAY OF _____ 2013 BY THE
PUBLIC UTILITY COMMISSION OF TEXAS
ADRIANA A. GONZALES**

PROJECT 41061
PUBLIC UTILITY COMMISSION OF TEXAS

REQUEST FOR COMMENTS –
PUC RULEMAKING REGARDING DEMAND RESPONSE IN THE
ELECTRIC RELIABILITY COUNCIL OF TEXAS (ERCOT) MARKET

The staff of the Public Utility Commission of Texas (Commission) requests comments in Project No. 41061 – Rulemaking Regarding Demand Response in the Electric Reliability Council of Texas (ERCOT) Market. The project has been established to evaluate the potential impact of Demand Response (DR) and how to further integrate it into the ERCOT market. The Brattle Group’s June 1, 2012 report on “ERCOT Investment Incentives and Resource Adequacy” estimated DR could achieve 8-15% of peak load reduction. The Commission seeks comments on possible changes to the ERCOT market that could help increase DR penetration.

Section One: *Increasing DR in ERCOT*

- What additional products and programs could ERCOT develop to facilitate DR? How should the programs be designed?
- Should economic incentives be developed to stimulate large DR programs and if so, should the incentives be market based or load-ratio share based obligations?
- What regulations are needed to ensure residential and small commercial customers are adequately protected when participating in aggregated DR programs?
- How can advanced metering systems (AMS) and related technology support DR in residential and small commercial customer classes?

Section Two: *Incorporating DR in Wholesale Markets*

Forecasting:

- How are existing ERCOT, LSE, and utility DR programs forecasted in forward demand and resource adequacy projections? How could DR programs be better reflected?
- How do price-based DR incentives offered by LSEs contribute to load forecasting errors? What other pricing and rate structures impact the wholesale market?

Pricing:

- What mechanisms could ensure that DR deployments appropriately contribute to price formation rather than price reversal?
- Do the Real-Time Market Enhancement and/or Hour-Ahead Market proposals submitted by the Market Enhancement Task Force (METF) to the Technical Advisory Committee (TAC) offer an appropriate framework for the participation of DR in the ERCOT market?

- Is load participation in the real-time market feasible when compared to voluntary price response? How does voluntary price response help set pricing or skew scarcity pricing signals?
- Would Loads in SCED attract significant DR participation beyond those resources already providing ancillary services?

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**PROJECT 41060
PUBLIC UTILITY COMMISSION OF TEXAS**

**REQUEST FOR COMMENTS –
INPUTS INCLUDED IN THE ELECTRIC RELIABILITY COUNCIL OF
TEXAS (ERCOT)
CAPACITY, DEMAND, AND RESERVES (CDR) REPORT**

The staff of the Public Utility Commission of Texas (Commission) requests comments in Project No. 41060 – Review of the inputs currently used in the Electric Reliability Council of Texas (ERCOT) Capacity, Demand and Reserves (CDR) Report. The following table categorizes each CDR input, along with the parameters of each, options for future reports, as well as potential obstacles and/or questions. We welcome comments and/or suggestions as to how those inputs might be revised for future reports.

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CDR Input	Components	Options	Potential Obstacles/Questions
Load Forecast:	Most recent CDR is based on economic data in Moody's latest "Low Economic Growth" forecast for the ERCOT region. ERCOT's economic outlook includes non-farm employment. Developed by ERCOT on annual basis.	Other ISOs use multiple economic vendors to provide forecasts: 44% use Moody's, 31% use Global Insight, 23% create own forecast, 21% use local vendor or university, 8% use Woods and Poole.	Does the Moody's forecast currently in use support an accurate forecast of demand in the ERCOT region?
Total Summer Peak Demand	Load forecast developed annually by ERCOT including the methodology, assumptions, and data to create the forecast in the Long-Term Demand and Energy Forecast report.		Is this an accurate assessment of demand?
Less LRS Serving as RRS	Based on a statistical analysis of loads bidding into LRS over the previous peak season(s).		
Less LRS Serving as NSRS	The amount of Non-Spin a Load Resource is providing for the Peak Load Season.		NSRS not included in last two CDR reports. Should this category continue to be included?
Less ERS	Based on a statistical analysis of loads bidding into ERS over the previous peak season(s). Does not include the resources participating in the 30-minute ERS Pilot Project.		What is the effect of the new program, (weather sensitive loads), the 30-minute program, and "passive" demand response activities?
Less Energy Efficiency Programs	Developed based on statutorily-required reductions with some input by PUCT staff regarding implementation of State EE legislation. Includes DR programs developed by TSPs.		What assumptions should be incorporated into the development of the CDR to account for energy efficiency programs, including load management? Should NOIE EE programs be included? Should Non-ERCOT DR programs be listed as a separate line item?
Resources:			
Installed Capacity	The sum of available capacity information provided in the unit Resource Asset Registration forms (RARFs).		
Capacity from Private Networks	Based on statistical analysis of PUN generation during peak season scarcity conditions.		

CDR Input	Components	Options	Potential Obstacles/Questions
ELCC of Wind Generation	Effective load carrying capacity determined by ERCOT Planning Staff and then approved/modified by ERCOT BOD.	Geographically analyze the effective carrying capacity of wind generation resources (WGRs); i.e., segregation of coastal and west Texas WGRs	Is data representative of new turbines, which are more efficient? Should Coastal wind and West Texas wind be assessed separately?
RMR Units to be under contract	Sum of existing contracts between ERCOT and RMR units owners.		
50% of Non-Synchronous Ties	50% of DC-tie capacity as stipulated in Planning Guide.		Is 50% the appropriate amount?
Switchable Units	Sum of switchable units as provided in RARFs.		
Available Mothballed Generation	Based on probability of return information provided by mothball unit owners.		
Planned Units (not wind)	Units must have a signed interconnection agreement with a TO and (if needed) an air permit from TCEQ.	Three publicly announced projects are not included (i.e., projects must have a signed interconnection agreement and air permits in place to be included).	
ELCC of Planned Wind Units with Signed IA	Units must have a signed interconnection agreement with a TO and a nameplate capacity (as determined by ERCOT Planning Staff and approved/modified by ERCOT BOD).		
Less Switchable Units Unavailable to ERCOT	Based on notification to ERCOT by switchable resource owners.		
Less Retiring Units	Based on notification to ERCOT by resource owners.		

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