

# Creating the Customer-Powered Grid® Across Texas

Offset rising capacity costs, achieve ESG goals, and support community sustainability by leveraging demand response with CPower. As the ERCOT energy market adapts to declining surpluses and growing demand, demand response offers a reliable solution for grid stability. Businesses that participate can reduce costs, generate revenue, and enhance energy resilience. Partner with CPower to confidently navigate ERCOT's evolving market, optimize participation for maximum returns, and integrate demand response into your strategy to turn energy into a financial asset while leading the way toward a stable, sustainable grid.

## What is Demand Response?

Demand response programs pay organizations for using less energy when electric demand on the grid exceeds the grid operator's ability to supply it or when electricity prices are high. When notified, participating organizations reduce their electric consumption according to a predetermined curtailment plan and receive compensation for their efforts.

## The CPowered® Advantage

**Earn revenue and reduce utility bill charges.** CPower pays customers to periodically use less energy when the grid is stressed and unlocks on-bill savings by addressing demand and time-of-use charges.

**Participate with confidence.** CPower's expert team and advanced platform mitigate financial, operational and regulatory risk, and maximize value for customers participating in demand response programs.

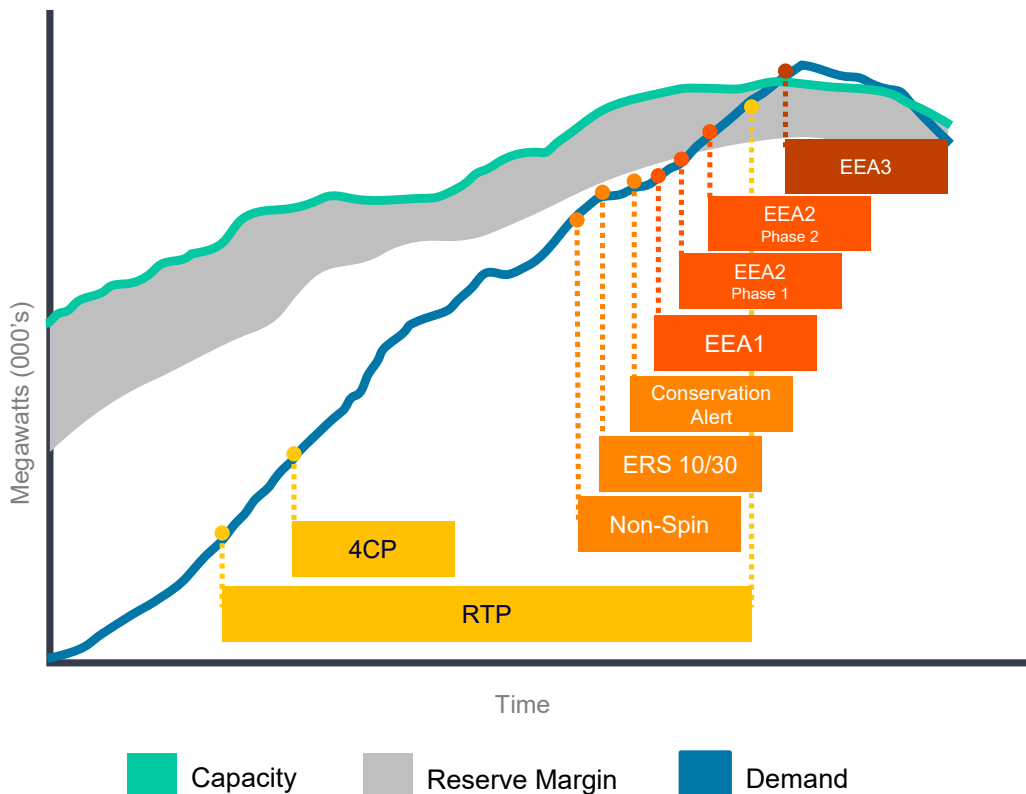
**Strengthen the grid that powers you and your community.** CPower customers help balance the grid to address a growing range of grid needs and ensure safe, reliable power.

**Curb carbon emissions and support sustainable energy.** When CPower customers use less energy, they shrink their own CO2 footprint and reduce the grid's reliance on high-polluting power plants.

## ERCOT Programs Overview

|                                                   | ERS                                                                                                                                                                                                                                                                                          | ECRS                                                                                                                                                                                                                                  |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>NOTIFICATION</b>                               | Customers will be notified of an event via email, phone, text and/or electronic signal per customers' instructions and must fully curtail within 30 minutes of start of notification for ERS-30                                                                                              | 10-minute notification.                                                                                                                                                                                                               |
| <b>PARTICIPATION/ ENROLLMENT</b>                  | 4 contract periods starting October, December, April, and June. Each period contains 8 optional time slots: Weekdays: 5-9AM (TP1), 9AM-1PM (TP2), 1-4PM (TP3), 4-7PM (TP4), 7-10PM (TP5) Weekends: 5-9AM (TP6), 3-9PM (TP7), Weekends/nights/all other hours including ERCOT holidays (TP8). | Day-ahead and Day-of market. Enrollment is any time throughout the year.                                                                                                                                                              |
| <b>METERING &amp; TELEMETRY</b>                   | Each account must have at least a 15-minute interval or smart meter (per ERCOT) and may also require CPower's metering solution, which provides one-minute usage data. Customers over 1 MW of curtailable load encouraged to use DLC via CPower's monitoring solutions.                      | 2-second telemetry via RTU required                                                                                                                                                                                                   |
| <b>TESTING</b>                                    | Annual test                                                                                                                                                                                                                                                                                  | Annual test                                                                                                                                                                                                                           |
| <b>EVENT LIMITATIONS</b>                          | Up to 12 hours per contract period in non-winter months and 24 hours per contract period in winter months                                                                                                                                                                                    | Unlimited # of events, freq. or duration while awarded                                                                                                                                                                                |
| <b>NUMBER OF EVENTS</b>                           | 2023: 1<br>2024: 0<br>2025: 0                                                                                                                                                                                                                                                                | 2023: 1<br>2024: 0<br>2025: 0                                                                                                                                                                                                         |
| <b>NON-PERF.</b>                                  | Availability and performance factors are taken into consideration and can reduce payments.                                                                                                                                                                                                   | Customer must have available load to meet obligation whenever awarded. Failure to have available load may result in replacement charges. Failure to curtail load during event may result in suspension, termination and/or penalties. |
| <b>REAL-TIME PRICE ADDER CHARGE DURING EVENTS</b> | No                                                                                                                                                                                                                                                                                           | Yes                                                                                                                                                                                                                                   |

# ERCOT Sequence: “Arsenal” for Grid Defense



## Emergency Alert Progression

When the grid is stressed, ERCOT takes these steps to avoid blackouts across the state.

|                                |                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Real Time Pricing (RTP)</b> | Relies on basic economics to deter electricity consumption. As demand rises and approaches the reserve margin, prices start to rise. Large consumers monitor the real time price and determine it's more economically sound to stop consuming (and producing in the commercial sector) given the escalating electricity prices.                                         |
| <b>4CP Management</b>          | Involves curtailing consumption during periods of peak system load. Charges are based on consumption during periods of highest demand. In summer months, about 1,500 MW of “peak-chasing” load can be curtailed by consumers seeking to lower 4CP charges the following year. Typically, this load will come off the grid between 3-6pm during the year's hottest days. |
| <b>Non-Spinning Reserves</b>   | Procures 4,500 MW of non-spinning reserve in the day-ahead market and up to an additional 2,000 MW on days with high demand forecasted or uncertainty such as an estimated lack of wind or sun that, in turn, leads to wind and solar power resources being unable to produce electricity.                                                                              |
| <b>ERS 30</b>                  | ERS (Emergency Response Service) ERS 30 may be called to ERCOT at this point (<3,000 MW reserves for 30 min) prior to public conservation alerts.                                                                                                                                                                                                                       |
| <b>Conservation Alerts</b>     | When demand infringes the 3,000 MW mark of the reserve margin, ERCOT issues a series of public address announcements urging consumers to voluntarily shed their load.                                                                                                                                                                                                   |
| <b>EEA 1</b>                   | With EEA (Energy Emergency Alert) 1, ERCOT operator's authority calls on all available power supplies.                                                                                                                                                                                                                                                                  |
| <b>EEA 2, Phase 1</b>          | ERCOT can reduce demand on the system by interrupting power from large industrial customers with contractual agreements. SOP winter/summer resources can be used.                                                                                                                                                                                                       |
| <b>EEA 2, Phase 2</b>          | Risk of rotating outages. ERCOT Contingency Reserve Service escalates to a Power Warning, which allows operators to dispatch Load Resources, providing LR-RRS and ECRS.                                                                                                                                                                                                 |
| <b>EEA 3</b>                   | Controlled outages in progress. Warnings of rolling blackouts to all areas of ERCOT grid. If the capacity shortage is not relieved using voluntary and contractual demand response, ERCOT will instruct utilities to rotate power outages to prevent statewide blackouts.                                                                                               |

**Contact CPower's Texas team to learn more: 844-276-9371**