

*TAC Report to the ERCOT  
Board*

August 17, 2004

# *Summary*

- Notifications
  - Operating Guide Revisions
  - Retail Market Guide Revisions
  - COPS/WMS/RMS Update
  - TAC Meeting to Discuss Administrative Fee Allocation Methodologies
- PRRs 517, 520, 521, 529

## *OGRR 147 – System Fuel Availability*

- Consistent with approved PRR 499, which would eliminate the fuel shortage communication to the market except for Emergency Notice.

## *OGRR 149 – Types of Responsive Reserve*

- Consistent with approved PRR 502, which allows Combined Cycle Units operating a CT or GT coupled to a Steam Turbine to be considered as one unit by ERCOT, by aggregating the CT or GT and Steam Turbine net maximum capability to calculate the 20% compliance capability to provide Responsive Reserve.

# *Commercial Operations WG Update*

- COPs recommends that TAC modify its procedures to formally create a Commercial Operations Subcommittee.
- TAC requested COPs to prepare an official proposal for TAC review at a future TAC meeting.

# *WMS Update*

- WMS continues work on Day Ahead Market RFP
- 7/28 RFP Released
- 8/11 Notice of Intent to Bid
- 9/10 Submit Proposals
- 10/1 Final Selection
- 10/15 ERCOT Contracts w/Bidder
- 11/1 Begin Implementation

# *RMS Update*

- Successful migration to Texas Set Version 2.0 (solutions to stacking).
- Approved 2005 Market Test Schedule:
  - **V2.0-0105** (Testing New Market Participants in TX Set Version 2.0)
    - Connectivity to start Dec 17, 2004 (to avoid Christmas/New Years)
    - Jan 21, 2005 – Mar 18, 2005 (8 weeks for scripts)
  - **V2.0-0405** (Testing New Market Participants in TX Set Version 2.0)
    - Connectivity to start Mar 18, 2005
    - Apr 22, 2005 – Jun 17, 2005 (8 weeks for scripts)
  - **V2.0-0705** (Testing New Market Participants in TX Set Version 2.0 or perhaps a new release on TX Set Version 2.1)
    - Connectivity to start Jun 17, 2005
    - Jul 22, 2005 – Sep 16, 2005 (8 weeks for scripts)
  - **V2.0-1005** (Testing New Market Participants in TX Set Version 2.0 )
    - Connectivity to start Sep 16, 2005
    - Oct 21, 2005 – Dec 16, 2005 (8 weeks for scripts)

# ***Retail Market Guide Revisions***

- **RMGR 2004-005 - TDSP Request Cancels:**
  - **Brings market into compliance with MIMO standards.**
- **RMGR 2004-009 - TDSP Invoice Dispute Process:**
  - **Establishes a standard dispute process for retail invoices.**
- **RMGR 2004-010 - Disconnect/Reconnect Process:**
  - **Updates Disconnect/Reconnect Guides**



# *TAC Administrative Fee Allocation Meeting*

- Board requested TAC to present Board, before March 2005, a fee allocation methodology or methodologies which would focus on the four elements set forth in Senate Bill 7. As part of that analysis, ERCOT should hire a third-party to conduct a cost-allocation study, at a cost no more than \$100,000.

# *Admin. Fee (cont.)*

- TAC met for a half day.
- TAC Special Task Force helped guide discussions and ERCOT provided overview of the ERCOT organization.

## Agenda for TAC Meeting:

- 1) Discuss broad principles;
- 2) Discuss proposed goal statement;
- 3) Discuss Scope of Consultant Activity;
- 4) Discuss allocation alternatives;
- 5) Discuss billing determinant options.

# *Admin. Fee (cont.)*

- TAC had lively discussions regarding all agenda items.
- TAC focused on agenda item #3 – Discuss Scope of Consultant Activity.

## Scope of Consultant Activity:

- The TAC generally agreed that:
  - ERCOT will make a first attempt to allocate cost to the four elements identified in SB-7.
  - Consultant will assist ERCOT in analyzing information and identifying any gaps; determine if the functionality developed by ERCOT is reasonably accurate.
  - ERCOT and consultant will provide feedback on the cost drivers.
  - ERCOT should identify costs that do not fit in any of the four elements.

# *Admin. Fee (cont.)*

- TAC seeks additional guidance from the Board on whether the TAC is limited to just the four elements in SB-7 for cost allocation.

## Sec. 39.151. ESSENTIAL ORGANIZATIONS.

(a) A power region must establish one or more independent organizations to perform the following functions:

- (1) ensure access to the transmission and distribution systems for all buyers and sellers of electricity on nondiscriminatory terms;
- (2) ensure the reliability and adequacy of the regional electrical network;
- (3) ensure that information relating to a customer's choice of retail electric provider is conveyed in a timely manner to the persons who need that information; and
- (4) ensure that electricity production and delivery are accurately accounted for among the generators and wholesale buyers and sellers in the region.

## *Admin. Fee (cont.)*

- The special TAC Task Force will continue to meet and address issues and will be available to respond to any questions from ERCOT Staff.
- An additional meeting to further address this issue was tentatively scheduled for September 10<sup>th</sup>.

# *PRR 517 - Reduce the Number of Annual TCRs Sold to 40% from 60%.*

- This PRR would reduce the number of annual TCRs being sold from 60% to 40%.
- No budgetary impact; no impact to ERCOT staffing; no computer system impacts; no business function impact; no impact to grid operations.
- ERCOT Credit Staff and the Credit Working Group (CWG) have reviewed PRR517 and do not believe that it requires changes to credit monitoring activity or the calculation of QSE liability.
- Proposed effective date September 1, 2004.
- Approved by TAC with one abstention.

# *PRR 520 - Resource Plan*

## *Performance Metrics*

- This PRR would establish Resource Plan performance metrics needed for ERCOT to accurately monitor compliance with the Protocols.
- No budgetary impact; no staffing impacts, all tasks necessary to comply with this PRR are performed with current Compliance Staff; no impact to ERCOT computer systems; no business function impact, All tasks necessary to comply with this PRR have already been merged with the business functions of the Compliance team; no impact to ERCOT grid operations.
- ERCOT Credit Staff and the Credit Working Group (CWG) have reviewed PRR520 and do not believe that it requires changes to credit monitoring activity or the calculation of QSE liability.
- Proposed effective date September 1, 2004.
- TAC approved unanimously.

# *PRR 521 - Add Fleet/Zonal OOME Instruction to SCE Calculation.*

- This PRR will add Fleet/Zonal OOME instruction to the SCE Calculation.
- Fleet/Zonal OOME Dispatch Instructions have been characteristically used in command and control situations where timing is important.
- For Release 4, ERCOT is planning on partially implementing PRR 422. It is not within the scope of Release 4 to include Fleet/Zonal OOME instructions in market clearing, thus an addition to the SCE equation is necessary to aid a QSE who receives a fleet deployment in following its SCE.
- Budget impact 6-LL (less than \$100k); no staffing impacts upon implementation; some impact to ERCOT computer systems to include fleet OOME deployment in the SCE calculation; no business function impact; no impact to grid operations.
- Proposed effective date, upon system implementation.
- TAC approved unanimously.



# *PRR 529 - Calculating Final REC*

## *Purchasing Requirements*

- TAC approved urgent status for this PRR.
- This PRR would revise Protocol Section 14 to reflect REC Program software changes that (1) allow for recalculation of previous year's Final REC Requirements for all Competitive Retailers and (2) change the way the Final REC Requirements are calculated.
- Budget impact 6-LL (less than \$100k); no significant staffing impacts upon system implementation; ERCOT will make enhancements to the Renewable Energy Credit software to incorporate the changes required by PUCT rule; no significant business function impacts; no grid operations impact.
- These software changes are required due to Commission amendment to Renewable Energy Rule, PUC Subst. Rule 25.173.
- Proposed effective date is upon Board approval.
- TAC approved unanimously.