



Board Update

Trip Doggett

Facilitator, Texas Nodal Team

October 19, 2004



Agenda

- ◆ Cost Benefit Study
- ◆ ERCOT Protocol Development
- ◆ Economist Workshop
- ◆ October 5 Voting



Cost Benefit Study

- ◆ Expected comprehensive report on September 22
- ◆ On September 17, vendor recommended a delay in submitting the Energy Impact Assessment
 - Modifying input assumptions for treatment of "Overloaded Constraints"
 - Expect preliminary results of the EIA on October 25
- ◆ Drafts of Implementation Impacts Assessment (IIA) and Other Market Impacts Assessment (OMIA) submitted
 - Few comments received on IIA
 - Significant comments received on OMIA
 - Comments reviewed by CBCG on October 4, allowed additional comments until October 8
- ◆ ERCOT filed comments on proposed rule changes, requesting filing deadline for Cost Benefit Study be moved to December 31



ERCOT Protocol Development

- ◆ Completed most sections of 1st Round review with a few remaining homework assignments
- ◆ Completion of Round 1 projected to be October 20
- ◆ Delayed discussion of RUC and EHDAM
- ◆ Economist's comments will have to be incorporated in Round 2
- ◆ Stakeholders have requested an intermediate round of review for those sections likely to be impacted by economist's recommendations
- ◆ ERCOT filed comments on proposed rule changes, requesting filing deadline for Load Zones and draft Protocols be moved to March 18



Economist Workshop

- ◆ Workshop held September 16 and 17 to address comments received from Dr. Wolak, Dr. Oren, Dr. Patton, and Dr. Roy Shanker.
- ◆ Following the workshop, TNT met over two days to discuss how to address the Economists' comments.
- ◆ Identified several potential changes to consider:
 - Consider more "integrated" DAEM, RUC, co-optimized Ancillary Services and energy
 - Allocation of CRRs to LSEs
 - Evaluate Deration of CRRs
 - Evaluate Ancillary Service Markets
 - Evaluate Mitigation after other proposals reviewed
- ◆ White papers to describe options to consider due October 15
- ◆ Any ideas accepted will be incorporated in the Round 2 Protocol review process.



October 5 Voting

Vote

Result

Motion to have the filing deadline for the Protocols and Load Zone document coincide.

Approved by a unanimous voice vote. Representatives from all seven segments were present.

Motion to accept the revisions proposed to Section 12.4(4)(a) which replaces the \$300/MWh with 75 times FIP.

Rejected by a ballot vote of 44.0% in favor and 56.0% opposed.



October 5 Voting (cont.)

Vote

Result

Motion to accept the original language of posting the name of QSEs with offers greater than \$300/MWh.

Approved by a ballot vote of 100% in favor.

Motion to add language stating that ERCOT will "provide information within a reasonable timeframe" in Section 12.4.2.

Approved by a unanimous voice vote. Representatives from all seven segments were present.

Motion to adopt option 2: The IMM Director and all employees of the IMM must be independent contractors and not employees of ERCOT in Section 17.3.

Rejected by a ballot vote of 56% in favor and 44% opposed.



October 5 Voting (cont.)

Vote

Motion to support the concept of the IMM being independent of all entities involved in market functions but not address whether the IMM should be independent contractors or a subdivision of ERCOT.

Motion to accept the following language: The IMM shall notify the relevant Entity promptly after the IMM notifies MOD. The IMM shall cooperate with MOD to develop procedures to ensure prompt communication with MOD -- Section 17.3.5.1.

Result

Approved by a ballot vote of 89.5% in favor and 10.5% opposed.

Approved by a ballot vote of 73.8% in favor and 26.2% opposed.



October 5 Voting (cont.)

Vote

Motion to move Section 17.4, Market Mitigation Competitive Tests, to Section 4.

Result

Approved by a unanimous voice vote. Representatives from all seven segments were present.