



MEMO

Date: December 7, 2004
To: Board of Directors
From: Read Comstock, TAC Chair
Subject: Protocol Revision Requests

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: December 14, 2004

Agenda Item No.: 11a

Issue:

Consideration of Protocol Revision Requests (PRRs).

Key Factors Influencing Issue:

The Protocol Revisions Subcommittee (PRS) met, discussed the issues, and submitted Recommendation Reports to the Technical Advisory Committee (TAC) regarding the PRRs described herein. TAC considered the issues and voted to take action on the PRRs as described below.

The following PRR was approved by TAC and is recommended to the Board for approval:

- ***PRR536—Mandatory IDR Threshold Reduction. Proposed effective date: January 1, 2005.*** *No budgetary impact; no impact to ERCOT staffing; no significant impacts to ERCOT computer systems; no impact to ERCOT business functions; no impact to grid operations.* This PRR lowers the threshold for IDR mandatory installation to 700 kW (or kVA). PRS approved the motion to recommend approval of PRR536 as revised through a voice vote with no opposing votes and no abstentions; the Independent REP segment was not present for the vote; all other segments were represented. TAC voted unanimously to recommend approval of PRR536 as submitted by PRS; all segments were present for the vote. ERCOT Credit staff and the CWG have reviewed PRR536 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR538—OOMC Generic Cost for Coal. Proposed effective date: January 1, 2005.*** *Due to the expected infrequency of this occurrence in the present market environment, ERCOT can provide a manual solution without significant impacts to staffing or systems. However, if the frequency of OOMC instructions for these technologies (Nuclear, Hydro, and Coal/Lignite) increases substantially, ERCOT would either consider increasing FTE levels in Settlements for increased manual processing, or seek the systematic changes described in the Impact Analysis; no impact to grid operations.* This PRR establishes generic cost for coal, nuclear, and



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hydro plants for use when they receive OOMC instructions. PRS approved the motion to recommend approval of PRR538 as submitted through a voice vote with no opposing votes and no abstentions. The Independent REP segment was not present for the vote; all other segments were represented. TAC voted unanimously to recommend approval of PRR536 as submitted; all segments were present. ERCOT Credit staff and the CWG have reviewed PRR538 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR550—Pace of Short Pay Uplift to LSEs - URGENT. Proposed effective date: January 1, 2005. No budgetary impact; relatively small incremental effort for ERCOT Finance to track and manage pace of short pay, however, no incremental staffing is required; no impacts to ERCOT computer systems; minor impact to ERCOT business functions for ERCOT Finance processes in allocating/pacing the collections; no impact to grid operations.*** This PRR sets a rate at which money due from QSEs representing load is collected (no faster than \$2.5 million per month for the market). PRS unanimously voted to declare PRR550 urgent at its November meeting. PRS then recommended approval of PRR550 as amended by PRS with one abstention from the IOU segment. All market segments were present for the vote. TAC voted unanimously to recommend approval of PRR 550; all segments were present. ERCOT credit staff and the CWG have reviewed PRR550 and conclude that providing for uplift to QSEs representing Load in a timely and defined manner has positive credit implications.

The TAC Recommendation Reports and Impact Analyses based on the PRS Recommendation Reports are included in the Board meeting distribution. In addition, these PRRs and their supporting materials are presented on the ERCOT website, including comments submitted to ERCOT and recommendation reports from the PRS:

<http://www.ercot.com/AboutERCOT/PublicDisclosure/ProtocolRev.htm>

Alternatives:

(1) Approve the TAC recommendations on PRRs 536, 538, and 550 as described above or as modified by the Board; (2) reject the TAC recommendations; or (3) remand any PRRs to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC and ERCOT Staff recommend the Board approve PRR536, PRR538, and PRR550 described herein.