



# Board Update

Trip Doggett

Facilitator, Texas Nodal Team

January 18, 2005



# Agenda

- ◆ Cost Benefit Study
- ◆ ERCOT Protocol Development
- ◆ Economist Issues



# Cost Benefit Study

- ◆ Posted comprehensive final report November 30
- ◆ <http://www.ercot.com/TNT/default.cfm?func=documents&intGroupId=83&b>
- ◆ Reviewed final report with TNT on December 6
- ◆ Reviewed final report with the Board on December 14
- ◆ Filed on December 21



# ERCOT Protocol Development

- ◆ Round 2 started November 1
- ◆ Completed Round 2 final review of all sections that should remain unchanged by the economist's comments.
- ◆ Started Round 1b intermediate review of sections impacted by economist's recommendations on December 7.
- ◆ Round 1b has progressed slower than anticipated. TNT discussed options to get back on schedule during its January 12 General Session.
- ◆ Round 2 final review of sections impacted by economist's recommendations scheduled to begin in late January.



# Economist Issues

- ◆ On November 8, we decided to adopt:
  - Addition of Co-Optimization of AS and energy in the Day-Ahead Energy Market (DAEM)
  - Change in the Reliability Unit Commitment (RUC) allocation multiplier
  - Creation of a demand curve for a small quantity of Responsive Reserve Service
- ◆ We decided not to adopt:
  - A must-offer in DAEM
  - ERCOT "pre-commitment" of units in DAEM that it deems required for the following operating day
  - Any zonal allocation of RUC costs
  - Allocation of Congestion Revenue Rights to Loads
- ◆ On November 15, we decided to:
  - Request ROS's review of Section 6.8.2 Uninstructed Resource Parameters
  - Adopt Greer's proposed DAEM changes
  - Adopt fully funded CRRs, with offer floors, CRRs not sold on radial lines with resource on either end
  - Adopt alternate settlement for CRR Options
  - Adopt allocation of CRR Auction Revenues to Loads



# Economist Issues

- ◆ Discussed on December 12:
  - Addition of Real-Time Co-Optimization of AS and energy
  - Any changes in CRR ownership reporting rules or limits
  - Any changes to address Wolak's cross-subsidy concerns
  - Any additional mitigation to address physical withholding
  - Any additional requirements of the IMM to restrict virtual trades
  - Any mitigation of Ancillary Services
- ◆ Any changes adopted will be incorporated in the Round 2 Protocol review process.