



MEMO

Date: July 12, 2005
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: July 19, 2005

Agenda Item No.: 7b

Issue:

Consideration of Protocol Revision Requests (PRRs).

Key Factors Influencing Issue:

The Protocol Revision Subcommittee (PRS) met, discussed the issues and submitted Recommendation Reports to the Technical Advisory Committee (TAC) regarding the PRRs described herein. TAC considered and approved the following PRRs and recommends them to the Board for approval:

- ***PRR564 –OOME Definition. Proposed effective date: August 1, 2005. No budgetary impact; minor impact to ERCOT staffing; no impacts to ERCOT computer systems; an additional business function will be incorporated into Control Operations procedures documentation; activation of a special protection scheme (SPS) will require ERCOT control room to issue verbal confirmation with a TSP and a verbal Dispatch Instruction (VDI) to the affected QSE.*** This PRR provides ERCOT guidance when there is an actuation of a SPS. ERCOT posted this PRR on 12/17/04. PRS discussed the PRR during its February meeting; the sponsor agreed to redraft the PRR for PRS consideration in March. PRS considered PRR564 on 3/17/05 and voted to recommend approval as amended by ANP, Calpine and ERCOT. There were three abstentions from the MOU IOU, and Consumer segments and three opposing votes from the MOU, Consumer and Independent Power Marketer segments. All segments were present for the vote. On 4/21/05, PRS affirmed ERCOT's impact analysis. On 5/5/05, TAC voted to recommend approval of this PRR as submitted by PRS. There were five abstentions from the consumer segment; all segments were present for the vote. On 6/21/05, the Board discussed PRR564 and voted to remand it to TAC for further clarification regarding the potential impacts of this PRR on OOM payments. On 7/7/05 TAC discussed the PRR and the comments submitted by ERCOT staff on 6/30/05. ERCOT's comments, included with Board meeting materials, provided quantification of SPS actuations and an explanation of how OOME Down payments typically offset



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Resource Imbalance charges. TAC voted to recommend approval of this PRR again as recommended by PRS; there was one opposing vote from the Consumer segment and a total of nine abstentions, five from the Consumer segment and four from the Coop segment. ERCOT credit staff and the CWG have reviewed PRR564 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR577 – Availability of Aggregated Load Data by TDSP. Proposed effective date: upon system implementation. Budgetary impact less than \$100,000; no impact to ERCOT staffing; some impact to Lodestar to generate the extract; no impact to ERCOT business functions; no impact to grid operations.*** PRR577 requires ERCOT to make available to each TDSP, on a daily basis, its base load plus allocation of Distribution Losses, Transmission Losses, and UFE so that the TDSP can accurately identify its system peaks required for FERC filings. ERCOT posted this PRR on 2/28/05. On 4/21/05, PRS voted to recommend approval of the PRR as submitted. There was one abstention from the Independent Generator segment; all segments were present for the vote. On 5/19/05, PRS voted to assign a priority of 1.3 and a rank of 57.5 to PRR577. There was one abstention from the IOU segment. This rank and priority place PRR577 below the cut line for 2005. All segments were present for the vote. On 6/02/05, TAC voted unanimously, with all market segments present, to recommend approval of PRR577 as recommended by PRS. On 6/27/05, PRS voted to assign a priority of 1.2 and a rank of 82 for 2006. ERCOT credit staff and the CWG have reviewed PRR577 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR581 – Update RMR Language due to PUC Rule 25.502. Proposed effective date: August 1, 2005. No budgetary impact; no impact to ERCOT staffing; no impacts to ERCOT computer systems; no impact to ERCOT business functions; no impact to grid operations.*** PRR581 changes the RMR language to be consistent with P.U.C. SUBST. R. 25.502, Pricing Safeguards in Markets Operated by the Electric Reliability Council of Texas. This Rule requires a Generation Resource that has not finalized a RMR Agreement with ERCOT to maintain the Resource available for OOM Dispatch Instructions until certain provisions have been met. ERCOT posted this PRR on 3/8/05. The PRR did not receive enough votes for processing under the urgent timeline. On 4/21/05, PRS voted to recommend approval of the PRR as revised by ERCOT and TXU comments. There was one abstention from the Independent Power Marketer segment. All segments were present for the vote. On 5/19/05, PRS noted that there was no change to the ERCOT impact analysis for PRR581 and that no project prioritization was required. On



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6/02/05, TAC voted unanimously, with all market segments present, to recommend approval of PRR581 as recommended by PRS. ERCOT credit staff and the CWG have reviewed PRR581 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR583 – Responsive Reserve Deployment. Proposed effective date: August 1, 2005.*** *No budgetary impact; no impact to ERCOT staffing; no impacts to ERCOT computer systems; no impact to ERCOT business functions; slight impact to ERCOT grid operations for revision of Control Room procedures and staff training.* PRR583 allows ERCOT to distinguish Responsive Reserve deployments for frequency restoration from deployments during conditions that require ERCOT to declare an Emergency Electric Curtailment Plan (EECP). ERCOT posted this PRR on 3/11/05. On 4/21/05, PRS voted to recommend approval of the PRR as revised by PRS with two abstentions from the IOU and Independent REP segments. All segments were present for the vote. On 5/19/05, PRS noted that there was no change to the ERCOT impact analysis for PRR583 and that no project prioritization was required. On 6/02/05, TAC voted unanimously to recommend approval of PRR583 as recommended by PRS with all market segments present. ERCOT credit staff and the CWG have reviewed PRR583 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR585 – Settlement Obligation Formula for Balancing Energy Service. Proposed effective date: August 1, 2005.*** *No budgetary impact; no impact to ERCOT staffing; no impacts to ERCOT computer systems; no impact to ERCOT business functions; no impact to grid operations.* PRR585 modifies the sum function in the Imbalance Ratio Share settlement equation to reflect how ERCOT determines the Imbalance Ratio Share. ERCOT posted this PRR on 3/25/05. On 4/21/05 PRS voted to approve the PRR as submitted with three abstentions (Municipal, Independent Generator, and Cooperative segments). All segments were present for the vote. On 5/19/05, PRS noted that there was no change to the ERCOT impact analysis for PRR585 and that no project prioritization was required. On 6/02/05, TAC voted unanimously to recommend approval of PRR585 as recommended by PRS with all market segments present. ERCOT credit staff and the CWG have reviewed PRR585 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

The TAC Recommendation Reports and Impact Analyses based on the TAC Recommendation Reports are included with Board meeting materials. In addition, these PRRs and their supporting materials are posted on the ERCOT website, including comments



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submitted to ERCOT and recommendation reports from the PRS:
<http://www.ercot.com/AboutERCOT/PublicDisclosure/ProtocolRev.htm>

Alternatives:

(1) Approve PRRs 564, 577, 581, 583, and 585 as recommended by TAC 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 PRRs 564, 577, 581, 583 and 585 described herein.