



MEMO

Date: October 11, 2005
To: Board of Directors
From: Read Comstock, TAC Chair
Subject: Protocol Revision Requests & System Change Request

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: October 18, 2005

Agenda Item No.: 4a

Issue:

Consideration of Protocol Revision Requests (PRRs) and one System Change Request (SCR).

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 Protocols Revision Requests (PRRs) described herein. TAC considered the issues and voted to take action on the PRRs as described below.

TAC approved the following PRRs and recommends them to the Board for approval:

- ***PRR593 – Behind the “Fence” Reporting of Load. Proposed effective date: November 1, 2005.*** No budgetary impact; some impact to ERCOT staffing; no impact to ERCOT computer systems; added ERCOT business function of soliciting data annually, compiling data and incorporating it into planning analysis; no impact to grid operations. ERCOT posted this PRR on 4/13/05. PRR593 adds more resolution to the total actual and projected ERCOT Load because generation netting may result in a significant amount of Load that never is reported to ERCOT. The submitter requested Urgent status in order to have more accurate Load information available for this summer. The PRR failed to receive enough email votes to obtain Urgent status. On 4/21/05, PRS unanimously voted to refer the PRR to the Generation Adequacy Task Force (GATF) for further discussion. On 5/19/05, PRS voted to recommend approval of PRR593 as amended by comments from the GATF. There was one opposing vote from the Consumer segment and one abstention from the Independent Power Marketer segment. On 6/23/05, PRS noted that PRR593 has no system impacts and does not require a project. On 7/7/05, TAC unanimously voted to remand PRR593 to PRS for further discussion to address concerns raised by the Consumer segment at the TAC meeting. On 8/24/05, PRS unanimously voted to recommend approval of PRR593 as amended by Texas Industrial Energy Consumers (TIEC). All segments were present for



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the vote. On 9/8/05, with all segments present, TAC voted unanimously to recommend approval of PRR593. ERCOT credit staff and the CWG have reviewed PRR593 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR599 – Notification for Mismatched Inter-QSE Energy Schedules. Proposed effective Date: to coincide with implementation of PRR548 (Settlement for Mismatched Inter-QSE Energy Schedules).*** Budgetary impact less than \$100,000; no impact to ERCOT staffing; minor coding changes to Lodestar; change to Settlements business process to provide a record of the mismatch amount to affected QSEs for reconciliation purposes; no impact to grid operations. PRR599 requires that notice be provided to both QSEs involved in mismatch in the event that ERCOT remedies a mismatch as prescribed in PRR548 (Section 6.8.9, Settlement for Mismatched Inter-QSE Energy Schedules). This PRR will provide a record of the amount of the mismatch to both parties involved in the mismatch, and thus assist Market Participants in reconciliation of mismatches. ERCOT posted this PRR on 5/2/05. On 6/23/05, PRS unanimously voted to recommend approval of PRR599; all market segments were present for the vote. On 7/27/05, PRS unanimously voted to recommend a priority of 1.2 and rank 34.4. On 8/4/05, with all market segments present TAC unanimously voted to recommend approval of PRR599 as submitted by PRS. On 9/20/05, the Board remanded PRR599 to TAC for development of a cost benefit analysis (CBA). On 9/27/05, the Commercial Operations Subcommittee considered PRR599 and developed a CBA. On 9/29/05, PRS, while discussing this PRR, also reviewed the impact analysis for PRR613, Replacement Reserve Under Scheduled Capacity Delineation, and incorporated the benefits of PRR613 into the CBA for PRR599 because they are linked from an extract perspective. On 10/6/05, TAC reviewed the combined PRR599/613 CBA and unanimously voted to recommend approval of the CBA. ERCOT credit staff and the CWG have reviewed PRR599 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR612 - Ancillary Service Procurement During the Adjustment Period. Proposed effective date: November 1, 2005.*** No budgetary impact; no long-term staffing impacts; no impact to ERCOT computer systems; new business function for Control Room staff; requires revision to Control Room procedures and staff training. PRR612 allows for the update of Ancillary Service (AS) bids after Notice of ERCOT's intent to procure AS during the Adjustment Period. ERCOT posted this PRR on 6/17/05. On 7/21/05, PRS unanimously voted to recommend approval of PRR612 as amended by comments submitted by ERCOT Staff. All market segments were present for the vote. On 8/24/05, PRS noted that although PRR612 has no system impacts, it does require



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training. On 9/8/05, TAC voted unanimously to approve PRR612 as recommended by PRS. ERCOT credit staff and the CWG have reviewed PRR612 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR613 - Replacement Reserve Under Scheduled Capacity Delineation - URGENT. Proposed effective date: upon Board approval. Budgetary impact less than \$100,000; additional workload to ERCOT Settlements to manually account for mismatch schedules when calculating the Replacement Reserve Service under schedule charge, no impact to ERCOT staffing upon system implementation; minor change to the EMMS to Lodestar interface to resolve the Inter-QSE Trade mismatch; impact to Market Operations business process to identify and provide to Settlements the appropriate mismatch amounts for each QSE at time of procurement, no impact to ERCOT business process upon system implementation; no impact to grid operations.*** PRR613 updates the Replacement Reserve Under Scheduled Capacity section of the Protocols to reflect the calculation for Replacement Reserve Service Obligation for under-scheduled capacity, as well as how mismatched schedules are processed. ERCOT posted this PRR on 6/27/05. On 7/21/05, PRS unanimously voted to grant Urgent status because of the imminent implementation of EMMS Release 4 and referred PRR613 to a PRS task force; all segments were present for the vote. On 8/24/05, PRS unanimously voted to defer action until the September meeting. On 9/29/05 PRS unanimously voted to recommend approval of PRR613 as amended by comments from ERCOT staff. Noting that PRRs 548 (Settlement for Mismatched Inter-QSE Energy Schedules), 599 (Notification for Mismatched Inter-QSE Energy Schedules) and 613 are linked and should be implemented together, PRS unanimously voted to assign PRR613 the rank of 0.87 and a priority of 1.0, the same as PRR548 and PRR599. All segments were present for the votes. Also on 9/29/05, PRS modified the CBA for PRR599 to include PRR613 so as to avoid duplicating of benefits of the three PRRs. On 10/6/05, TAC voted unanimously to recommend approval of PRR613 and the 599/613 CBA as recommended by PRS; all segments were present for the vote. ERCOT credit staff and the CWG have reviewed PRR613 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***SCR745 – Retail Market Outage Evaluation and Resolution - URGENT. Proposed effective date: upon system implementation. Budgetary impact \$1 to 3 million; an additional 2 FTEs are needed for ongoing support of the additional hardware and monitoring capabilities; impacts to NAESB, Paperfree, TCH-EAI, all Retail Database Servers, and Training and Database Monitoring; ERCOT will conduct system monitoring training efforts during implementation, document new procedures and additional outage monitoring capabilities for retail applications, and database server***



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connections will be implemented; no impact to grid operations. SCR745 will allow ERCOT to implement a high-availability solution to retail market outages that provides active system failover and redundancy. ERCOT posted this SCR on 05/12/05. RMS considered SCR745 on 06/15/05. On 07/13/05, RMS voted to expand the scope of the SCR to include recommended solutions in addition to a complete evaluation. There was one abstention from the Independent REP segment; all market segments were present for the vote. On 07/28/05, the SCR745 workshop participants recommended that ERCOT implement the high-availability solution options. On 08/10/05, RMS voted to recommend the high-availability solution options developed at the SCR745 workshop and assignment of a priority 1.1 and a rank of 30. There was one opposing vote from the Consumer segment; all market segments were present for the vote. On 08/24/05, PRS unanimously voted to support RMS' recommendation of a priority 1.1 and rank of 30. All market segments were present for the vote. On 09/08/05, TAC voted to recommend approval of SCR745 as recommended by RMS with one opposing vote from the IOU segment; and eight abstentions from the Municipal (2), Consumer (4), and Independent Power Marketer (2) segments. All market segments were present for the vote. On 10/6/05, TAC voted to grant urgent status to SCR745. There was one abstention from the Independent Power Marketer segment; all segments were present for the vote.

The TAC Recommendation Reports and Impact Analyses based on the TAC Recommendation Reports are included in the Board meeting distribution. In addition, these PRRs and their supporting materials are posted 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 recommendation on PRRs 593, 599, 612 and 613, and SCR745 as described above or as modified by the Board; (2) reject the TAC recommendations; or (3) remand any PRR(s) or SCR to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the Board approve PRRs 593, 599, 612 and 613 and SCR745 as described herein.