



MEMO

Date: January 10, 2006
To: ERCOT 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: January 17, 2006

Agenda Item No.: 13a

Issue:

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

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

- ***PRR625 – Clarification of Emergency QSE Language. Proposed effective date: February 1, 2006. No budgetary impact; no staffing impact; no impact to ERCOT systems; no impact to ERCOT business functions; no impact to grid operations.*** This PRR proposes changes that strengthen or clarify Protocol language that address when and how an Emergency Qualified Scheduling Entity (QSE) may be used. ERCOT posted this PRR on 8/26/05. On 9/29/05, PRS considered this PRR but deferred any action. On 10/20/05, PRS voted to recommend approval of PRR625 as modified by PRS. There were nine abstentions: two from the Independent Generator segment; three from the Municipal segment; one from the Consumer segment; one from the Independent REP segment and two from the Independent Power Marketer segment. All segments were present for the vote. On 11/8/05, ERCOT requested that PRS grant urgent status for PRR625 for the following reasons: (1) this PRR will substantially reduce market exposure in the event of a dropped LSE and (2) this PRR, with urgent status, could be put back into the same track as PRR624 (Clarification of Market Participant Default Language), another credit-related PRR developed in conjunction with PRR625. PRS did not grant urgent status. On 11/17/05, PRS voted to send the PRR and its impact analysis to TAC; there was one abstention from the Independent Generator segment. On 12/1/05, TAC voted to recommend approval of PRR625 as modified by TAC. The motion passed with seven nay votes (one from the Investor-Owned Utility segment, two from the Independent Generator segment, and four from the Power Marketer segment) and



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five abstentions (two from the Municipally Owned Utility segment, one from the Investor-Owned Utility segment and two from the Independent Generator segment). All market segments were present for the vote. The ERCOT CWG supports PRR 625 and believes this PRR has positive credit implications.

- ***PRR633 – TSP Data Information Requirements. Proposed effective date: February 1, 2006.*** *No budgetary impact; no staffing impact; no impact to ERCOT systems; no impact to ERCOT business functions; no impact to grid operations.* This PRR updates and clarifies high level data requirements for modeling transmission grid modifications that Transmission Service Providers (TSPs) must provide to ERCOT. This PRR also proposes that reporting of “work accomplished” procedures, descriptions of method to energize and test facilities and in service testing be removed as reporting requirements. ERCOT posted this PRR on 9/20/05. On 10/20/05, PRS voted to recommend approval of PRR633 as amended by PRS. There was one abstention from the Independent Generator segment. All segments were present for the vote. On 11/17/05, PRS voted to send the PRR and its impact analysis to TAC; there was one abstention from the Independent Generator segment. On 12/1/05, TAC unanimously voted to recommend approval of PRR633 as submitted by PRS. All market segments were present for the vote. ERCOT credit staff and the CWG have reviewed PRR633 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR634 – ESI IDs Inadvertently Placed in Inactive Status. Proposed effective date: February 1, 2006.*** *No budgetary impact; no staffing impact; no impact to ERCOT systems; no impact to ERCOT business functions; no impact to grid operations.* This PRR provides the ability for ERCOT to re-instate ESI IDs incorrectly placed into an inactive status. ERCOT posted this PRR on 9/22/05. On 10/20/05, PRS voted unanimously to recommend approval of PRR634 as amended by PRS. All segments were present for the vote. On 11/17/05, PRS voted to send the PRR and its impact analysis to TAC; there was one abstention from the Independent Generator segment. On 12/01/05, TAC unanimously voted to recommended approval of PRR634 as submitted by PRS. All market segments were present. ERCOT credit staff and the CWG have reviewed PRR633 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

TAC will consider the following urgent PRR at its meeting on 1/12/06:

- ***PRR646 – Establish a Floor for Responsive Reserve Service Bids - URGENT. Proposed effective date February 1, 2006.*** *No budgetary impact; no impact to ERCOT staffing; no impact to ERCOT computer systems; no impact to ERCOT business functions; no impact to grid operations.* This PRR revises Section 4.4.11 so that, until January 1, 2007, all bids to provide Responsive Reserve Service (RRS), must have bid prices equal to or greater than



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negative \$1,000. ERCOT posted this PRR on 11/29/05. PRS granted urgent status to PRR646 through email vote on 12/2/05. On 12/16/05, PRS voted to recommend approval of PRR646 as revised by PRS with two abstentions from the Independent Generator segment. PRS also agreed to request an email vote from TAC for speedy resolution. On 12/28/05, the motion for TAC to recommend approval of PRR 646 failed via email vote; participation in this vote may have been low due to holiday vacation schedules. TAC is scheduled to reconsider PRR646 on 1/12/06. This PRR was submitted by CWG.

The TAC Recommendation Reports and Impact Analyses based on the TAC Recommendation Reports are included in the Board meeting distribution. In addition, these PRRs (<http://newercot.ercot.com/mktrules/protocols/prr.html>) and their supporting materials are posted on the ERCOT website.

Alternatives:

- (1) Approve the TAC recommendation on PRRs 625, 633, 634 and possibly 646 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 recommends that the Board approve PRRs 625, 633 and 634 as described herein. ERCOT staff will provide an update on TAC's recommendation regarding PRR646 after the TAC meeting on January 12, 2006.