



MEMO

Date: March 14, 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: March 21, 2006

Agenda Item No.: 7

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

- ***PRR635 – Resource Plan Performance Metrics Update. Proposed effective date: April 1, 2006. No impact to ERCOT budget; updates can be processed by current staffing levels; no impact to ERCOT computer systems; an existing procedure can be used to process exclusion requests; no impact to grid operations.*** PRR635 will accomplish the following:
 - exclude units undergoing required testing from having to bid down balancing; excludes units with and/or mechanical issues from having to show an inaccurate Low Sustainable Limit (LSL) and/or High Sustainable Limit (HSL)
 - exclude hours where the Qualified Scheduling Entity (QSE) updated their Resource Plan after the close of the Adjustment Period and failed to pass the Adjustment Period Zonal Schedule Measure for those hours;
 - clarify that the Down Bid & Obligation Measure is done by Congestion Zone when possible; and
 - update the Resource Plan Performance Metrics to include improvements being made to the Resource Plan as part of Release 4.

ERCOT posted this PRR on 09/22/05. On 10/20/05, PRS tabled PRR635 to allow time to address issues raised in ERCOT Staff's comments. On 11/17/05, PRS again deferred PRR635. On 12/16/05, PRS voted to recommend approval of this PRR as revised by the QSE Managers Working Group's comments. The motion passed unanimously with all market segments present. On 01/19/06, with all market segments present, PRS voted unanimously to forward the PRS Recommendation Report and the Impact Analysis to TAC.



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On 02/02/06, TAC unanimously voted to recommend approval of PRR635 as recommended by PRS. All market segments were present for the vote. ERCOT credit staff and the Credit Work Group (CWG) have reviewed PRR635 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR640 – Update Provisions for Capacity and Energy Payments for RMR Service and Add a New Standard Form Agreement for Synchronous Condenser Service. Proposed effective date: April 1, 2006.*** No impact to ERCOT budget; no impact to ERCOT staffing; no impact to ERCOT computer systems; no impact to ERCOT business functions; no impact to grid operations. PRR640 revises portions of Section 6, Ancillary Services, and the Reliability Must Run (RMR) Agreement to clarify and provide consistency between the two. Additionally, in the RMR Agreement, portions specific to synchronous condensers have been removed and a new Agreement (Attachment J, Standard Form Synchronous Condenser Agreement) has been created for Synchronous Condenser Service. Attachment J is based on language in Attachment F, Standard Form Reliability Must-Run Agreement. ERCOT posted this PRR on 10/21/05. On 11/17/05, PRS deferred action until its December meeting. On 12/16/05, PRS voted to recommend PRR640 as revised at PRS. The motion passed with one opposing vote from the Consumer segment. All market segments were present for the vote. On 01/19/06, with all market segments present, PRS voted unanimously to forward the PRS Recommendation Report and the Impact Analysis to TAC. On 02/02/06, TAC voted unanimously to recommend approval of PRR640 as recommended by PRS. All market segments were present for the vote. ERCOT credit staff and the CWG have reviewed PRR640 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR642 – Lower Limit to IDR Meters in MRE for True-Up Settlement IDR Threshold. Proposed effective date: April 1, 2006.*** No impact to ERCOT budget; no impact to ERCOT staffing; no impact to ERCOT computer systems; no additional business function required, the minor impact to the Market Operations group can be performed within current business functions; no impact to grid operations. PRR642 sets a lower limit on the number of Interval Data Recorder (IDR) meters represented by a Meter Reading Entity (MRE) that ERCOT will consider when determining whether or not the IDR threshold requirement has been met prior to issuing of True-Up Statement. ERCOT posted this PRR on 11/10/05. On 12/16/05, PRS unanimously voted to recommend approval of PRR642 as submitted. All market segments were present. On 01/19/06, with all market segments present, PRS voted unanimously to forward the PRS Recommendation Report and the Impact Analysis to TAC. On 02/02/06, with all segments present, TAC voted unanimously to recommend approval of PRR642 as recommended by PRS. ERCOT credit staff and the CWG have reviewed PRR642 and do not believe that it requires changes to credit monitoring activity or the



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calculation of liability.

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

Alternatives:

- (1) Approve the TAC recommendation on PRRs 635, 640 and 642 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 the Board approve the PRRs as described herein.