



Control Number: 30634



Item Number: 8

Addendum StartPage: 0

P. 30634

**Public Utility Commission of Texas**

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**Memorandum**

TO: Members of the ERCOT Technical Advisory Committee

FROM: Parviz Adib, Director, Wholesale Market Oversight  
Richard Greffe, Wholesale Market Oversight

DATE: March 31, 2006

SUBJ: Appeal of Budget Priority and Ranking for PRR590

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Commission Staff appeals the recent decision by PRS to maintain the current budget priority and ranking for PRR590. We request that TAC raise the priority and ranking of this PRR so that it can be implemented in 2006.

PRR590 was submitted by ERCOT in April 2005 and approved by the Board in August 2005. It was intended to implement Potomac recommendation #14 which calls for instituting procedures to monitor whether QSEs are meeting their reserve obligations in real time. ERCOT already monitors capacity, but the PRR would require QSEs to submit real-time ramp rate and AGC information so that ERCOT would have a more complete picture of each QSE's capability to meet its reserve obligations.

While PRR590 was under consideration in May 2005, ERCOT filed comments requesting clarification on the extent to which the PRR would implement real-time monitoring of ramp rates and AGC. The PRR provides for the real-time collection and maintenance of data to be used for analysis of disturbance events and determination of each QSE's ability to meet its obligations for compliance purposes. However, to monitor ramp rates in real time, ERCOT said that significant changes (and cost) would be required, such as design and installation of monitoring equipment in the ERCOT control rooms. Nevertheless, PRS addressed ERCOT's comments in its May 2005 meeting and concluded that "collecting data for future analysis is sufficient for implementation of this PRR."

In March 2006, when PRS considered Commission Staff's request to reprioritize PRR590, the question was raised as to whether the PRR meets the intent of the Potomac recommendation since the real-time data would be stored for later analysis rather than being used in a real-time monitoring process. This is the same issue that PRS addressed in May 2005, but PRS was persuaded this time that PRR590 does not meet the intent of the Potomac recommendation, and therefore PRS voted not to raise the priority and ranking. PRS did refer the PRR to ROS for further evaluation. However, this referral is inappropriate, because the merits of the PRR do not need reconsideration and because such a referral could result in months of delay in the implementation of the PRR.

Contrary to the argument made in the March 2006 PRS meeting, Commission Staff believes that PRR590 is a reasonable way to implement the Potomac recommendation, and understands that ERCOT has the same opinion. PRR590 provides a low-cost way to enhance ERCOT's ability to monitor compliance prior to the implementation of the nodal market. It can be implemented in a relatively short time which means the benefits can be achieved well before the transition to nodal.<sup>1</sup> In addition to its benefit to compliance, the more accurate ramp rate and generating unit AGC status information could help ERCOT to better assess reliability and system security.

Currently, PRR590 has a priority of 1.2 and rank of 57, which puts it well below the budget cut line. Because of the importance of this PRR to ensuring reliability, and its low cost and short implementation timeline, this PRR should be implemented this year. Therefore, Commission Staff requests that TAC raise PRR590's priority and ranking above the budget cut line so that it can be implemented in 2006.

cc: Jess Totten  
Keith Rogas  
Patrick Sullivan

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<sup>1</sup> It is our understanding that ramp rate and AGC status will be reported in real time under the nodal protocols.