



MEMO

Date: May 9, 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: May 16, 2006

Agenda Item No.: 11a

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 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:

- ***PRR648 – Prevent IDR Removal from Customers Served at Transmission Voltage. Proposed effective date: June 1, 2006. No impact to ERCOT budget; no impacts to ERCOT staffing; no impact to ERCOT computer systems; no impact to business functions; no impact to grid operations.*** This PRR clarifies that Interval Data Recorders (IDRs) may not be removed from Premises served at transmission voltage, regardless of the level of a customer’s demand. ERCOT posted PRR648 on 1/16/06. On 2/23/06, PRS unanimously voted to recommend approval of PRR648 as submitted. All segments were present for the vote. On 3/23/06, PRS noted that PRR648 has no system impacts. On 4/7/06, TAC unanimously voted to recommend approval of PRR648 as submitted. All segments were present for the vote. ERCOT credit staff and the Credit Work Group (Credit WG) have reviewed PRR648 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR657 – Process for Protocol Revisions during the Transition to a Nodal Market – URGENT. Proposed effective date: June 1, 2006. No budgetary impact; no long-term staffing impact; no impact to ERCOT computer systems; no impact to ERCOT business functions or grid operations.*** This PRR introduces a more streamlined



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procedure for processing revision requests relating the Nodal Protocols during the period prior to implementation of the Nodal market. ERCOT posted this PRR on 3/24/06. On 4/21/06, PRS unanimously voted to recommend approval of PRR657 as revised by TXU comments and PRS. PRS also unanimously voted to grant urgency so that pending Nodal PRRs can be processed on an accelerated timeframe. All market segments were present for the votes. On 5/4/06, with all segments present, TAC unanimously voted to recommend approval of PRR657 as amended by TAC. ERCOT credit staff and the Credit WG have reviewed PRR657 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR659 – Reporting of ERCOT Replacement Reserve Service Procurements – URGENT. Proposed effective date: June 1, 2006. Estimated budget impact less than \$100,000; no staffing impacts upon automated reporting, interim staff impact for manual workaround of approximately two hours daily; the Energy and Market Management Systems (EMMS) and the Data Delivery Module will be used to deliver both daily and monthly public report extracts, the extracts will be posted to the ERCOT Texas Market Link (TML); no impact to ERCOT business functions; no impact to grid operations.*** This PRR requires reporting on the classification and amounts of ERCOT's procured Replacement Reserve Service (RPRS), as well as a comparison of actual procurements of RPRS for system capacity to a theoretical amount of RPRS procurement for system capacity. ERCOT posted this PRR on 4/3/06. The submitter requested urgent status stating that additional reporting requirements are needed to improve market transparency and for a better understanding on the need for all types of RPRS deployment. On 4/5/06, PRS did not grant urgent status. On 4/21/06, the submitter again requested urgent status. PRS voted unanimously to grant urgent status and to recommend approval of PRR659 as revised by PRS. All market segments were present for the votes. On 5/4/06, with all segments present, TAC unanimously voted to recommend approval of PRR659 as amended. TAC directed PRS to consider a rank and priority for the project to automate PRR659 at its meeting scheduled for 5/9/06. On 5/9/06, PRS voted unanimously to recommend a priority of 1.1 and a rank of 20.5 for PRR569. TAC will conduct an e-mail vote regarding PRS' recommended rank and priority. ERCOT credit staff and the Credit WG have reviewed PRR659 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR660 – Texas SET Transactional Solution for a Mass Transition Event – URGENT. Proposed effective date: Upon system implementation. Budget impact \$3 to 5 million; no long term staffing impacts identified at this time; impact to ERCOT computer systems (Siebel, Paperfree, TIBCO, ETS (ESI ID Tracking***



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System), and TML); impact to ERCOT business functions dependent on systems design; no impact to ERCOT grid operations. This PRR introduces a transactional solution for reducing mass transition timelines and documents the process for parties involved in a Mass Transition event. ERCOT posted this PRR on 4/6/06. On 4/13/06, the Retail Market Subcommittee (RMS) requested urgent status due to the critical need to address credit risk in the market. On 4/18/06 PRS voted to grant urgent status via e-mail vote. On 4/18/06, the ERCOT Board concurred that ERCOT staff should begin working on the project to implement PRR660, acknowledging that such work is outside the normal PRR process. On 4/21/06, PRS unanimously voted to recommend approval of PRR660 as revised by RMS comments and to assign the PRR a priority of 1.1 and a rank of 7.5. All market segments were present for the votes. On 5/4/06, with all market segments present, TAC unanimously voted to recommend approval of PRR660 as submitted. The Credit WG has reviewed PRR 660 and believes this PRR has *positive* credit implications for the ERCOT market. Reducing the time it takes to remove a defaulting Market Participant from the ERCOT market (by moving its customers to another REP more timely) reduces credit risk to the ERCOT market related to that entity and ultimately reduces the losses that would be uplifted to ERCOT Market Participants.

The TAC Recommendation Reports and Impact Analyses associated with these PRRs 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 648, 657, 659, and 660 as described above or as modified by the Board;
- (2) reject the TAC recommendations; or
- (3) remand any PRRs to the TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the Board approve the PRRs as described herein.