



MEMO

Date: June 13, 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: June 20, 2006

Agenda Item No.: 8a

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 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:

- **PRR650 – Balancing Energy Price Adjustment Due to Non-Spinning Reserve Service Energy Service Energy Deployment. Proposed effective date: July 1, 2006.** *No budgetary impact; existing ERCOT staff in Market Operations, Control Room Operations and Settlement & Billing will manually perform the market clearing price adjustment, market message notification and settlement responsibilities; no computer system impacts; no impact to business functions or grid operations.* This PRR adjusts the Market Clearing Price of Energy (MCPE) when the deployment of Non-Spinning Reserve Service (NSRS) occurs to provide correct price signals via a post-deployment adjustment to separate the pricing solutions from the deployment on NSRS. ERCOT posted this PRR on 2/24/06. On 3/23/06 PRS voted to recommend approval of PRR650 as revised by selected ERCOT comments. The motion passed with nine yeas from the Electric Cooperative (Coop)(2), Municipally Owned Utility (MOU)(2), Investor Owned Utility (IOU)(1), Independent Generator (IG)(3) and Independent Power Marketer (IPM)(1) market segments; three nays from the MOU, Consumers and Independent REP (IREP) market segments; and four abstentions from the MOU (2), IOU (1), and IPM (1) segments. All Market Segments were present for the vote. On 4/21/06 PRS reviewed the Impact Analysis and noted no impact to ERCOT systems. On 5/4/06, TAC voted



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to recommend approval as recommended by PRS. The motion passed with one opposing vote from the Consumers and seven abstentions from the Consumer (2), Coop (2), MOU (2), and IOU (1) segments. All Market Segments were present for the vote. ERCOT credit staff and the Credit Work Group (WG) have reviewed PRR650 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- **PRR661 – Performance Enforcement Criteria – URGENT. Proposed effective date: July 1, 2006.** *Budgetary impact less than \$100,000; one additional FTE in Compliance to perform the requirements associated with calculating settlement quality “pass-fail” SCE scores for all Qualified Scheduling Entities (QSEs) providing Regulation Services; Settlement & Billing will perform monthly calculations and posting of Settlement Statements using existing staff resources; computer system impact consists of post-implementation Lodestar improvements to automate Settlement activities; required Compliance business function will increase pursuant to PRR 661 implementation; no impact to ERCOT grid operations.* This revision creates the criteria for Schedule Control Error (SCE) performance enforcement. ERCOT posted this PRR on 4/7/06. The submitter requested Urgent status stating that this “PRR replaces the current methodology for Schedule Control Error (SCE) Performance measurement. In order for this to be in place prior to the expiration of the six month delay for compliance enforcement, it will need to be considered at the April PRS meeting.” On 4/12/06, PRS granted urgent status to PRR661 via e-mail vote. On 4/21/06, PRS voted to table PRR661 with two abstentions from the IG and IPM segments. On 5/18/06, PRS voted to recommend approval of PRR661 as amended by PRS; all Market Segments were present. On 6/1/06, TAC voted to recommend approval of PRR661 as revised by ERCOT Staff comments and TAC. There was one abstention and one opposing vote both from the IOU segment. ERCOT credit staff and the Credit WG have reviewed PRR661 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- **PRR662 – Modify Ancillary Service Deployment Performance Conditions – URGENT.** *No budgetary impact; the addition of one FTE to perform the work identified for PRR661 is expected to meet the manual work requirements associated with performing PRR662; no computer system impacts; no impact to business functions or grid operations.* Clarifies current language exempting the intervals following a Forced Outage from the SCE compliance measure and adds additional exemptions to address infeasible portfolio instructions, Responsive Reserve Service ramping, unit testing, and the scheduling of Uncontrollable Renewable Resources.



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ERCOT posted this PRR on 4/10/06. The submitter requested Urgent status so that this PRR could be considered at the April PRS meeting along with the full package of SCE-related solutions to the frequency control issue. On 4/12/06, PRS granted Urgent status to PRR662 via e-mail vote. On 4/21/06, PRS voted to table PRR662 with two abstentions from the IG and IPM segments. On 5/18/06, PRS voted to recommend approval of PRR662 as amended by WMS comments; all Market Segments were present. On 6/1/06, TAC voted to recommend approval of PRR662 as revised by ERCOT Staff comments and TAC. There was one abstention and one opposing vote both from the IOU segment. ERCOT credit staff and the Credit WG have reviewed PRR662 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

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 650, 661, and 662 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.