



# MEMO

**Date:** June 13, 2006  
**To:** ERCOT Board of Directors  
**From:** Chad V. Seely, ERCOT Legal  
**Subject:** ERCOT Compliance Packet Template Issue

## Issue for the ERCOT Board of Directors

**ERCOT Board of Director Meeting Date:** June 20, 2006

**Agenda Item No.:** 9

### **Issue:**

Whether the ERCOT Board wishes to approve Compliance Templates that provide the details for monitoring non-compliance with existing ERCOT reliability-based Protocols and Operating Guides.

### **Background/History:**

P.U.C. SUBST. R. 25.503(j) requires that ERCOT develop and submit for Commission approval a process to monitor material occurrences of non-compliance with ERCOT procedures, including occurrences having the potential to impede ERCOT operations or representing a risk to system reliability. Pursuant to this Commission substantive rule, on January 31, 2006, ERCOT filed a petition with the Commission for approval of the ERCOT Compliance Process document. See P.U.C. Docket No. 32350.

Several Market Participants intervened in this Docket. ERCOT has worked with the intervenors to arrive at an ERCOT Compliance Process document acceptable to most – if not all – parties. After several rounds of comments received by intervenors and a PUC Workshop, ERCOT filed a revised draft of the ERCOT Compliance Process document on June 6, 2006.

The Compliance Templates Section of this revised draft of the ERCOT Compliance Process document provides that “[t]he Compliance Templates will become effective upon **approval by the ERCOT Board of Directors.**” (emphasis added). However, at its annual retreat, the ERCOT Board asked the Technical Advisory Committee (TAC) to review the ERCOT Protocols and look for items requiring Board approval to see if that list could be scaled back. This issue is related to that directive. The ERCOT Legal Department asks for ERCOT Board feedback on whether the Board would prefer to perform this task or delegate it to the TAC.

### **Key Factors Influencing Issue:**

The ERCOT Compliance Department has Compliance Templates providing the details for monitoring non-compliance with existing ERCOT reliability-based Protocols and Operating



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Guides. Each Compliance Template specifies:

1. The reliability criteria to which the ERCOT Protocol/Operating Guide and its associated measurements apply.
2. The types of Market Participants and ERCOT Operations to which the measurements apply.
3. The requirements to be measured.
4. The timeframe in which compliance is to be measured and/or achieved.
5. The details of what constitutes full compliance with an ERCOT Protocol/Operating Guide and its measurements.
6. Levels for categorizing non-compliance (based upon severity and repetition).
7. The process followed by ERCOT Compliance in its compliance assessment and follow-up actions for the particular function being measured.

As examples, attached hereto are **ERCOT Compliance Template # 1** (24/7 Staff Requirements), which identifies the requirement that QSEs have and maintain a 24/7 operations center, and **ERCOT Compliance Template # 8** (QSE Real-Time Data), which identifies the real-time data that QSEs must provide to ERCOT.

Although the intervenors in this Docket requested that the ERCOT Board approve the Compliance Templates, ERCOT's Legal Department and Compliance Department believe this task is largely administrative since the Compliance Templates and any changes to them would comport with the specific ERCOT Protocol or Operating Guide requirement. Thus, the Compliance Templates would only change after the specific ERCOT Protocol or Operating Guide has gone through the complete revision process and has been revised as a result of that process. The Compliance Templates would change in accordance with the review process laid out in the ERCOT Compliance Process document.

**Alternatives:**

The ERCOT Board, instead of the TAC, will approve the Compliance Templates and modifications thereto.

**Conclusion/Recommendation:**

The ERCOT Legal Department recommends that the task of approving Compliance Templates and modifications thereto be delegated to the Technical Advisory Committee (TAC). The Chair of TAC would then report the results of the TAC action to the ERCOT Board at its next regularly scheduled meeting.