



MEMO

Date: July 11, 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: July 18, 2006

Agenda Item No.: 10a

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.

- ***PRR654 – Remove Market Solution References. Proposed effective date: August 1, 2006.*** No budgetary impact; no impact to ERCOT staffing; no impact to ERCOT systems; no impact to ERCOT business functions; no impact to grid operations. This revision removes references to the term “Market Solution” from the Protocols. ERCOT posted this PRR on 3/14/06. On 4/21/06, PRS voted to recommend approval of PRR654 as submitted; there was one abstention from the Independent Power Marketer segment. All Market Segments were present for the vote. On 5/18/06, PRS noted that PRR654 has no impacts to ERCOT systems. On 6/1/06, TAC unanimously voted to recommend approval of PRR654 as submitted. ERCOT credit staff and the Credit WG have reviewed PRR654 and do not believe it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR655 – Approval of Temporary Modification to Annual Validation. Proposed effective date: August 1, 2006.*** No budgetary impact; no impact to ERCOT staffing; no impact to ERCOT systems; no impact to ERCOT business functions; no impact to grid operations. This revision allows TAC to grant approval of a temporary modification to the Annual Validation process. ERCOT posted this PRR on 3/16/06. On 4/21/06, PRS unanimously voted to recommend approval of PRR655 as submitted. All Market Segments were present. On 5/18/06, PRS noted that PRR655 has no impacts to ERCOT systems. On 6/1/06, TAC unanimously voted to



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recommend approval of PRR655 as submitted. ERCOT credit staff and the Credit WG have reviewed PRR655 and do not believe it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR666 – Modification of RPRS Under-Scheduled Capacity Charge Calculation - URGENT. Proposed effective date: upon system implementation. Budgetary impact \$100,000 to \$500,000; system build impacts to existing EMMS development and production staff to perform development and testing for Package 1, Lodestar system changes will be performed by contractors and ERCOT Lodestar development staff will perform project testing for Package 2; ongoing impact on current staff is expected to be minimal; impact to Package 1 and 2; no impact to ERCOT business functions or grid operations.*** This PRR modifies the calculation of the Replacement Reserve Service (RPRS) procurement under schedule charge to assess an under scheduled charge for system-wide RPRS to QSEs when they are net-short on an ERCOT wide basis, rather than on a zonal basis. PRR666 was posted on 5/22/06 and the submitter requested Urgent status. On 5/24/06, PRS, via email, did not grant Urgent status. On 6/8/06, PRS unanimously voted to grant Urgent status to PRR666 and considered the PRR. On 6/22/06, PRS again considered PRR666 and voted to recommend approval as revised by AEP comments and PRS. There were three abstentions from the MOU, Independent Power Market (IPM), and Investor Owned Utility (IOU) segments; all Market Segments were present for the vote. Also on 6/22/06, PRS voted to assign PRR666 a priority of 2 and a rank of 1.5. There were two opposing votes from the MOU segment and one abstention from the Consumer segment. All Market Segments were present for the vote. On 7/6/06, TAC voted to recommend approval of PRR666 as submitted by PRS and to ask PRS to address the allocation issue for the distribution of the charges at its next meeting. The motion passed with five opposing votes and six abstentions; all Market Segments were present for the vote. ERCOT credit staff and the Credit WG have reviewed PRR666 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR669 – Timing of Calculation of RPRS Under Scheduled Charges - URGENT. Proposed effective date: August 1, 2006. No budgetary impact; no impact to ERCOT Staff; no impact to ERCOT systems; no impact to ERCOT business functions; no impact to grid operations.*** This PRR revises the timing of schedules that ERCOT uses for determining the quantity of under scheduled energy and revises the timing of the load forecast. PRR669 was posted on 5/24/06 and the submitter requested Urgent status. On 5/26/06, PRS, via email, did not grant Urgent status. On 6/8/06, PRS unanimously voted to grant Urgent status to PRR669. Also on 6/8/06,



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PRS voted to recommend approval of PRR669 as revised by PRS. The motion passed with one opposing vote from the MOU segment and one abstention from the Consumer segment. On 7/6/06, TAC voted unanimously to recommend approval of PRR669 as submitted by PRS. All Market Segments were present for the vote. ERCOT credit staff and the Credit WG have reviewed PRR669 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR670 – First Available Switch Date (FASD) for Switch Requests – URGENT. Proposed effective date: August 1, 2006. No budgetary impact; no impact to ERCOT Staff; no impact to ERCOT systems; no impact to ERCOT business functions; no impact to grid operations.*** This PRR adds language to reflect the First Available Switch Date for a Switch Request in situations where Customer notification is required, Customer notification has been waived or Drop to AREP (Affiliated Retail Electric Provider) requested. It also removes statements that are no longer accurate based upon current business and system processes and relocates some of the existing language. PRR670 was posted on 5/31/06 and the submitter requested Urgent status. On 6/2/06, PRS, via email, granted Urgent status. On 6/22/06, PRS unanimously voted to recommend approval of PRR670 as submitted. All Market Segments were present for the vote. On 7/6/06, TAC voted unanimously to recommend approval of PRR670 as submitted. All Market Segments were present for the vote. ERCOT credit staff and the Credit WG have reviewed PRR670 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, 654, 655, 666, 669, and 670 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.



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