



MEMO

Date: July 11, 2006
To: ERCOT Board of Directors
From: Read Comstock, TAC Chair
Subject: Nodal Protocol Revision Requests

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: July 18, 2006

Agenda Item No.: 10b

Issue:

Consideration of Nodal Protocol Revision Requests (NPRRs).

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 NPRRs described herein. TAC considered the issues and voted to take action on the NPRRs as described below.

On 6/22/06, PRS voted unanimously to recommend approval of the NPRRs listed below; all Market Segments were present for the vote. On 7/06/06, TAC voted unanimously to recommend approval of the NPRRs listed below; all Market Segments were present for the vote. *The Credit Working Group will review these NPRRs on 7/17/06 and report its conclusions directly to the Board. **Proposed effective date: upon Texas Nodal Market implementation.** ERCOT believes that most Nodal Protocol revisions and clarifications being proposed before August 1, 2006, at this stage of the Nodal project, can be absorbed and incorporated into the initial set of business requirements and system design. It is anticipated that the impacts can be incorporated into the initial project schedule. No significant additional high-level impacts to ERCOT staffing, computer systems, business functions or grid operations are anticipated.*

- ***NPRR001 – Section 1, Zonal PRR Synchronization and ERCOT Staff Clarifications.*** This NPRR incorporates into Section 1, Overview, relevant language from the following PRRs that were approved by the Board between April 2004 and February 2006: PRR573, Mothballed Generation Resource Definition and Time to Service Updates; PRR591, Switchable Unit Declaration; PRR593, Reporting of Net Generation and Load (FKA Behind the “Fence” Reporting of Load); and PRR611, Reporting of Operation Reserve Capability Under Severe Gas Curtailments. This NPRR also incorporates TPTF determinations regarding ERCOT Staff clarification



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questions as discussed by TPTF and documented in the ERCOT Clarification Matrix for Section 1 (11/30/05) and discussed at the 3/28/06 and 3/29/06 TPTF meetings.

- ***NPRR004 – Section 8, Zonal PRR Synchronization and ERCOT Staff Clarifications.*** This NPRR incorporates into Section 8, Performance Monitoring and Compliance, relevant language from the following PRRs that were approved by the Board between April 2004 and February 2006: PRR468, Frequency Response Requirements and Monitoring; PRR487, Black Start Resources; PRR490, LaaR Annual Testing Description; PRR535, Reactive Testing; PRR542, Clarifying the LaaR Three-Hour Limit; PRR628, ERCOT Operation Performance – Non-Spinning Reserve Service Deployments; and PRR644, Ancillary Service Re-qualification. This NPRR also incorporates TPTF determinations regarding ERCOT Staff clarification questions as discussed by TPTF and documented in the ERCOT Clarification Matrix for Section 8 on and discussed at the TPTF meeting on 1/9/06.
- ***NPRR005 – Section 7 ERCOT Staff and TPTF Clarifications.*** This NPRR incorporates into Section 7, Congestion Revenue Rights, TPTF determinations regarding ERCOT Staff clarification questions as discussed by TPTF on 1/23/06 and 2/6/06. This NPRR also incorporates the consensus reached by TPTF during discussions on 4/10/06, 4/24/06, 5/8/06 and 5/23/06 regarding revisions to Sections 7.4.2, PCRR Allocation Terms and Conditions, 7.5, CRR Auctions, 7.7.3, Allocation of McCamey Flowgate Rights (MCFRIs) and 7.8, Bilateral Trades and ERCOT CRR Registration System.
- ***NPRR006 – Section 4 ERCOT Staff Clarifications.*** This NPRR incorporates into Section 4, Day-Ahead Operations, TPTF determinations regarding ERCOT Staff clarification questions as discussed by TPTF on 1/9/06, 5/22/06 and 6/5/06, and documented in the ERCOT Clarification Matrix for Section 4.
- ***NPRR007 – Section 9 Zonal PRR Synchronization and ERCOT Staff Clarifications.*** This NPRR incorporates into Section 9, Settlement and Billing, relevant language from: PRR638, Change Settlement Invoice Due Date from 16 Calendar Days to Five Bank Business Days, that was approved by the Board on 2/21/06; and PRR642, Lower Limit to IDR Meters in MRE for True-Up Settlement IDR Threshold, that was approved by the Board on 3/21/06. This NPRR also incorporates TPTF determinations regarding ERCOT Staff clarification questions as discussed by TPTF on 3/6/06, 4/10/06, 4/24/06, 5/8/06, and 6/5/06, and documented in the ERCOT Clarification Matrix for Section 9.



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The TAC Recommendation Reports and Impact Analyses associated with these NPRRs are included in the Board meeting materials. In addition, these NPRRs and their supporting materials are posted on the ERCOT website at the following link: <http://nodal.ercot.com/protocols/npr/index.html>.

Alternatives:

- (1) Approve the TAC recommendation on NPRRs 001 and 004 through 007 as described above or as modified by the Board;
- (2) reject the TAC recommendations; or
- (3) remand any NPRRs to the TAC with instructions.

Conclusion/Recommendation:

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