



MEMO

Date: August 8, 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: August 15, 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 7/20/06, PRS considered the NPRRs listed below; TAC considered them on 8/3/06. ***Proposed effective date: upon Texas Nodal Market implementation. ERCOT believes that at this stage of the Nodal project, revisions proposed by NPRRs 002, 009, and 010 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. The Impact Analyses for NPRR008 will be initiated after September 19, 2006, and completed by October 14, 2006. That analysis will present ERCOT's estimate of the cost and timeline impact on the Nodal project. The Credit Work Group is scheduled to review these NPRRs at its September meeting.***

- ***NPRR002 – Section 3, Zonal PRR Synchronization and ERCOT Staff Clarifications.***
This NPRR was posted on 5/17/06. On 5/22/06, PRS voted unanimously to refer NPRR002 to TPTF and ROS to review comments submitted by ERCOT Staff and NDS Working Group and respond to PRS by its July 2006 meeting. On 7/20/06, PRS reviewed TPTF's comments and voted unanimously to recommend approval of NPRR002 as amended by those comments. On 8/3/06, TAC voted unanimously to recommend approval of NPRR002 as recommended by PRS. All Market Segments were present for the vote.



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- ***NPRR008 – PRR 307 Inclusion in Nodal.*** This NPRR was posted on 7/17/06. NPRR008 revises the necessary sections of the Nodal Protocols to ensure that PRR307, Load Providing Regulation Services (Controllable Resources), has been included. PRR307, approved by the Board on 3/19/02, made changes to the definition of Load that can provide Regulation Service. On 7/20/06, PRS voted to recommend approval of NPRR008 as submitted. There was one abstention from the Municipal segment; all other Market Segments were present for the vote. On 8/3/06, TAC voted to recommend approval of NPRR008 as recommended by PRS; TAC also asked ROS to develop the comparable and appropriate standards and criteria to ensure performance of Loads providing these services. There were two abstentions from the Independent Generator segment; all Market Segments were present for the vote.
- ***NPRR009 – Section 6 PRR Synchronization and ERCOT Staff Clarifications.*** This NPRR was posted on 7/17/06. NPRR009 incorporates into the Nodal Protocols provisions approved by the Board for the zonal market and determined by the ERCOT stakeholders to be relevant to the Nodal market and documents stakeholder clarification regarding questions raised by ERCOT Staff during their review of the Draft Nodal Protocols. On 7/20/06, PRS voted unanimously to recommend approval of NPRR009 as amended by PRS. All Market Segments were present for the vote. On 8/3/06, TAC voted unanimously to recommend approval of NPRR009 as recommended by PRS. All Market Segments were present for the vote.
- ***NPRR010 – Synchronization of PRR630 and Section 3, Management Activities for the ERCOT System.*** This NPRR was posted on 7/17/06. NPRR010 incorporates PRR630, Private Use Networks, which was approved by the Board on 4/18/06. On 7/20/06, PRS voted unanimously to recommend approval of NPRR010 as submitted. All Market Segments were present for the vote. On 8/3/06, TAC voted unanimously to recommend approval of NPRR010 as recommended by PRS. All Market Segments were present for the vote.

The TAC Recommendation Reports and supporting materials 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 002, 008, 009, and 010 as recommended by TAC or as modified by the Board;
- (2) reject the TAC recommendations; or



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(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.