



# MEMO

**Date:** August 8, 2006  
**To:** ERCOT Board of Directors  
**From:** Read Comstock, TAC Chair  
**Subject:** Protocol Revision Requests and a System Change Request

## Issue for the ERCOT Board of Directors

**ERCOT Board of Director Meeting Date:** August 15, 2006

**Agenda Item No.:** 10a

### **Issue:**

Consideration of Protocol Revision Requests (PRRs) and a System Change Request (SCR).

### **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 and SCR described herein. TAC considered the issues and voted to take action on the PRRs and SCR as described below.

- ***PRR650 – Balancing Energy Price Adjustment Due to Non-Spinning Reserve Service Energy Service Energy Deployment. Proposed effective date: September 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 of 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) Market 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 to recommend approval as recommended by PRS. The motion passed with one opposing vote from the Consumers and seven abstentions from the



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Consumer (2), Coop (2), MOU (2), and IOU (1) Market Segments. All Market Segments were present for the vote. On 6/20/06, the Board voted to remand to TAC for further consideration of issues raised by Board discussion: review calculation of MCPE and prices paid for non-spin to keep consumers balanced; study double dipping, clawback and economic fairness of payments; and complete economic analysis and to determine whether PRR650 is the best way to encourage new generation. On 8/3/06, TAC again considered PRR650 and voted to recommend approval of it as amended by ERCOT Staff comments. There were two opposing votes (Consumer) and one abstention (IOU); 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.

- ***PRR672 – Retail Market Timing Necessary for PUCT Project 29637 – URGENT. Proposed effective date: upon system implementation.*** PRR672 will be implemented in three phases. *Budgetary impact of Phase 1 (\$250K - \$500K), Phase 2 (no capital cost is required to complete Phase 2 analysis), and Phase 3 (to be evaluated following collaborative analysis and stabilization of PR-50121\_07 – Retail Business Processes. Assuming no resource constraint and implementation of PR-40038\_01 TX SET 3.0 on 7/1/2007 prior to PRR672 Phase 3 initiation, potentially greater than \$5 million); Phase 1 Staff impact to Retail Customer Choice (1 FTE) and Commercial Operations (2 FTE), Phase 2 temporary Staff impact to Retail Customer Choice, Commercial Operations, Market Operations DPO and Retail Market Analysis, Phase 3 Staff impact to be evaluated following collaborative analysis and stabilization of PR-50121\_07 – Retail Business Processes; Phase 1 to include priority move-ins as part of TX SET 3.0, Phase 2 to include a collaborative analysis of end-to-end business processes to improve transaction processing and Phase 3 to consider system changes identified in the collaborative analysis; Phase 1 will modify current business functions in Retail Customer Choice and Commercial Operations, no impact to business functions from Phase 2, Phase 3 business function impacts to be evaluated following collaborative analysis and stabilization of PR-50121\_07 – Retail Business Processes; no impact to ERCOT grid operations.*

PRR672 revises the transaction timings in Section 15, Customer Registration, for retail processes to reflect PUCT Project 29637, Rulemaking to Amend P.U.C. Subst. R. 25.214 and Pro-Forma Retail Delivery Tariff, and Mass Customer Transition Requirements. ERCOT posted this PRR on 6/19/06. The submitter requested Urgent status because of the ERCOT deadlines for identifying requirements for TX SET 3.0. On 6/29/06, PRS granted Urgent status to PRR672 via email vote. On 7/20/06,



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PRS voted to recommend approval of PRR672 as submitted by the Retail Market Subcommittee (RMS). Revised language will be grey boxed until system implementation. ERCOT will be directed to implement priority Move-Ins within two (2) Retail Business Hours with the Texas Standard Electronic Transaction (TX SET) 3.0 implementation. Remaining grey box language will be implemented with future system functionality. ERCOT and Market Participants will have a collaborative analysis of Retail Business Processes (RBP) associated with PRR672 transaction timing changes. Results of the analysis will be presented to RMS no later than the November 2006 RMS meeting. PRS also determined that the two Retail Business Hours processing and sorting of priority Move-In is to be included with TX SET 3.0 (PR 40038\_01) and that all other changes for PRR672 will be included in Project 60008\_01 (priority 1.1; rank 10). The motion passed with one abstention from the Municipal segment. All Market Segments were present for the vote. On 8/3/06, TAC voted to recommend approval of PRR672 as submitted. There were two opposing votes from the Consumer segment; all Market Segments were present for the vote. ERCOT credit staff and the Credit WG have reviewed PRR672 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. The CBA will be provided to the Board when complete.

- ***SCR748 – Website Enhancements for ERCOT Outage Notifications. Proposed effective date: upon system implementation. Budgetary impact: \$250,000 to 500,000; there will be a temporary impact to existing ERCOT staff for development of the functionality proposed by this SCR in Web and Data Services, Enterprise Architecture, Retail Client Services, Wholesale Client Services, Commercial Operations, Console Operations, and Release Management groups; ongoing support cannot be absorbed by current staff - there is an ERCOT staff impact to Commercial Operations (1 FTE) and Console Operations (2 FTEs); implementation of this SCR would impact systems/processes in ERCOT Service Desk, Release Management Portal, Texas Market Link (TML), ERCOT.com, and application interfaces between these systems; implementation of this SCR would impact business process in Commercial Operations, Console Operations, Release Management, Retail Client Services, and Wholesale Client Services; no impact to grid operations.***

SCR748 adds functionality on the ERCOT website for: a calendar of dates/times for planned outages affecting retail, an Unplanned Outage Alert with web message capability, and a log of outages. SCR748 was posted on 3/16/06. The Retail Market Subcommittee (RMS) considered SCR748 on 4/12/06, and voted unanimously to recommend approval with modifications. On 5/3/06 and 6/14/06, RMS reviewed the IA and Cost Benefit Analysis for SCR748. On 6/14/06, RMS voted to



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recommend approval of SCR748 as modified by comments from the Texas Data Transport Working Group. There were two opposing votes from the Consumer segment and one abstention from the Consumer segment. Also on 6/14/06, RMS voted to recommend approval of the IA and CBA with a priority of 2.0 and a ranking of 3. The motion passed with one abstention from the Consumer segment. On 6/28/06, PRS unanimously voted to assign a priority and rank to SCR748 as recommended by RMS. On 7/06/06, TAC unanimously voted to recommend approval of SCR748 as recommended by RMS and PRS. All Market Segments were present for all votes.

The TAC Recommendation Reports and supporting materials 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 PRRs 650 and 672 and SCR748 as recommended by TAC or as modified by the Board;
- (2) reject the TAC recommendations; or
- (3) remand any PRRs or the SCR to the TAC with instructions.

### **Conclusion/Recommendation:**

As more specifically described above, TAC recommends that the Board approve the PRRs and the SCR as described herein.