



MEMO

Date: January 9, 2007
To: ERCOT Board of Directors
From: Mark Dreyfus, TAC Chair
Subject: Protocol Revision Requests

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: January 16, 2007

Agenda Item No.: 14a

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.

- ***PRR647 - Gross and Net MW/Mvar Data Reporting. Effective Date: upon completion of system and data base updates by Market Participants and ERCOT. Budgetary impact less than \$50,000; existing FTEs in the EMMS SCADA and Network Modeling areas will complete the 800 staff hours for the network model display, data updates and system verification; no computer system impact; no business function impact; no impact to grid operations or practices.*** This PRR adds a requirement for a Qualified Scheduling Entity (QSE) representing a Resource to supply both gross and net MW and Mvar data to ERCOT for use in the Operational Model. ERCOT posted this PRR on 12/05/05. On 1/19/06, PRS voted unanimously to refer PRR647 to Reliability Operations Subcommittee (ROS) for determination of ERCOT needs and identification of data already being reported to ERCOT by Market Participants. On 3/23/06, PRS received an oral report of ROS' discussions regarding PRR647 and voted to forward additional instructions to ROS. On 8/10/06, ROS again considered PRR647. On 9/21/06, PRS voted to recommend approval of PRR647 as revised by the Operations Working Group (OWG) comments. All Market Segments were present for the vote. On 10/19/06, PRS deferred consideration to allow additional work on the Cost Benefit Analysis (CBA). On 11/16/06, PRS voted to endorse the revised CBA and forward the Impact Analysis (IA) and CBA to TAC. There was one abstention from the Independent Generator



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(IG) segment. All Market Segments were present for the vote. On 12/1/06, TAC voted to unanimously recommend approval of PRR647 as recommended by PRS and to have this PRR implemented as soon as practicable within 18 months, but no later than 1/1/09, if such delay is necessary to accommodate nuclear plants. All Market Segments were present for the vote. ERCOT credit staff and the Credit WG have reviewed PRR647 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 – Phase 3. Proposed effective date: upon system implementation. Budgetary impact \$250,000 to 500,000; temporary impact to existing ERCOT staff for development of functionality, ongoing support will require two additional FTEs in the Retail Customer Choice group; implementation will impact several computer systems; impact to business functions in Retail Customer Choice, Commercial Operations, Retail Market Analysis, Commercial Ops Data Integrity & Admin; no impact to grid operations.*** This PRR revises the transaction timings in Section 15, Customer Registration, for retail processes in order to comply with PUCT Project 29637, Rulemaking to Amend P.U.C. Subst. R. 25.214 and Pro-Forma Retail Delivery Tariff, and Mass Customer Transition Requirements. On 8/15/06, the ERCOT Board approved PRR 672 and approved a priority of 1.1 and rank of 10 for Phase 1 of PRR672. Implementation of Phases 2 and 3 of PRR672 were deferred (“grey-boxed”) pending completion of the analysis of the costs for Phase 3. On 12/11/06, RMS reviewed the results of the Phase 2 analysis and IA for PR60008, Terms and Conditions Requirements, Not Limited to Texas SET Changes, the project to implement Phase 3 of PRR672. RMS voted to recommend priority of 2 and a rank of 8.5 for PR60008. On 12/14/06, PRS voted unanimously to assign a priority and rank as recommended by RMS. All Market Segments were present for the vote. On 1/4/07, TAC voted unanimously to affirm the change in rank and priority for PRR672. All Market Segments were present for the vote. Credit Work Group (WG) evaluation pending.
- ***PRR679, Revision to NLRI Formula and Other Credit Requirements. Effective Date: February 1, 2007. No budgetary impact; no adverse staffing impact; no computer system impact; no business function impact; no impact to grid operations or practices.*** This PRR changes the formula for Net Load Imbalance Liability and Net Resource Imbalance Liability (NLRI) to better match with Nodal formula to perform calculations on a more detailed level using entity specific pricing rather than WA_MCPE (Weighted Average Marginal Clearing Price of Energy) pricing; allows ERCOT to withhold payment from entities that have exceeded their Estimated Aggregate Liability (EAL) or NLRI; and addresses the request by Retail Market



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Subcommittee and Texas SET Working Group to add requirement that QSEs (that are LSEs) and are in Payment Default to provide ESI ID information on their customers. This PRR was posted on 8/1/06. On 9/21/06, PRS voted unanimously to recommend approval of PRR679 as submitted. All Market Segments were present for the vote. On 10/19/06, PRS deferred consideration until its next meeting. On 11/16/06, PRS voted to recommend approval of PRR679 as revised by NRG Texas and Credit WG comments. Also on 11/16/06, PRS voted to endorse the IA. All Market Segments were present for the vote. On 12/1/06, TAC unanimously voted to recommend approval of PRR679 as recommended by PRS. All Market Segments were present for the vote. The Credit WG sponsored PRR679.

- ***PRR686, Black Start Testing Requirements. Effective Date: February 1, 2007.*** *No budgetary impact; no adverse staffing impact; no computer system impact; no business function impact; no impact to grid operations or practices.* This PRR specifies the requirements for starting the Black Start Resource and specifies which tests are allowed to be run simultaneously. This PRR was posted on 8/23/06. On 9/21/06, PRS voted unanimously to recommend approval of PRR686 as amended by ERCOT Staff comments. All Market Segments were present for the vote. On 10/19/06, PRS deferred consideration until its next meeting. On 11/16/06, PRS unanimously voted to endorse the IA for PRR686 and forward it to TAC. All Market Segments were present for the vote. On 12/01/06, the TAC unanimously voted to recommend approval of PRR686 as recommended by PRS. All Market Segments were present for the vote. Credit Work Group (WG) evaluation pending.
- ***PRR693, Update Transactions for Texas SET 3.0 Implementation and Timing for Processing Priority/Standard Move-In Transactions. Effective Date: upon system implementation.*** *Budget impact is to be managed under Project No. 40038, TX SET 3.0.; no impact to ERCOT staffing; ERCOT computer system impacts are to be managed under Project No. 40038; ERCOT business function impacts are to be managed under Project No. 40038; no impact to grid operations or practices.* This PRR revises the transaction timings for priority move-in transactions and clarifies requirements for standard move-ins; renames certain Texas Standard Electronic Transaction (TX SET) transactions to reflect new functionality introduced by the long term solution for Mass Transition (*see* RMGRR042, Mass Transition Process Necessary for PUCT Rule 31416); revises language relating to transaction functionality and brings all processes for each transaction current with TX SET version 3.0 implementation, and reformats and corrects terminology throughout Sections 15, Customer Registration, 19, Texas Standard Electronic Transaction, and 24, Retail Point to Point Communications. This PRR was posted on 9/22/06. On 10/19/06, PRS unanimously voted to recommend approval of PRR693 as



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recommended by RMS. All Market Segments were present for the vote. On 11/16/06, PRS unanimously voted to endorse the IA. All Market Segments were present for the vote. On 12/01/06, TAC unanimously voted to recommend approval of PRR693 as recommended by PRS. All Market Segments were present for the vote. Credit Work Group (WG) evaluation pending.

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 647, 672, 679, 686, and 693 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.