



Date: March 13, 2006
To: ERCOT Board of Directors
From: Mark Dreyfus, TAC Chair
Subject: Protocol Revision Request

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: March 21, 2007

Agenda Item No.: 8a

Issue:

Consideration of Protocol Revision Request (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.

- ***PRR691, Nodal Implementation Surcharge Verifiable Costs. Proposed effective date: April 1, 2007. No budgetary impact; minor impact to Settlement and Billing; no impact to ERCOT computer systems; existing business processes can accommodate monitoring the number of verifiable costs; no impact to grid operations.*** This PRR adds the Nodal Implementation Surcharge as a verifiable cost for Qualified Scheduling Entities (QSEs) representing Resources called on for reliability purposes. PRR691 was posted on September 14, 2006. On October 19, 2006, PRS deferred consideration to its next meeting. On November 16, 2006, PRS unanimously voted to recommend approval of PRR691 as revised by ERCOT Staff comments and PRS. All Market Segments were present for the vote. On December 14, 2006, PRS unanimously voted to forward the PRS Recommendation Report and the Impact Analysis to TAC. All Market Segments were present for the vote. On January 4, 2007, TAC voted to recommend approval of PRR691 as recommended by PRS. There was one abstention from the Investor Owned Utility Market Segment. All Market Segments were present for the vote. On February 20, 2007, the Board remanded PRR691 to TAC as recommended by the TAC Chair. On March 8, 2007, TAC unanimously voted to recommend approval of PRR691 as revised by TAC Chair comments. All Market Segments were present for the vote. The Credit Work Group (Credit WG) evaluated PRR691 and concluded that it introduces an additional fee assessed to QSEs paying for reliability services if the resource owner elects to submit verifiable cost information.

The TAC Recommendation Report and Impact Analysis associated with this PRR are included in the Board meeting materials. In addition, the PRR and its 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 PRR691 as described above or as modified by the Board;
2. Reject the TAC recommendation; or
3. Remand PRR691 to the TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the Board approve PRR691 as described herein.