



**Date:** January 8, 2008  
**To:** Board of Directors  
**From:** Mark Dreyfus, Technical Advisory Committee (TAC) Chair  
**Subject:** Nodal Protocols Revision Requests

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Director Meeting Date:** January 15, 2008

**Agenda Item No.:** 8c

**Issue:** Consideration of Nodal Protocol Revision Requests (NPRRs).

**Background/History:**

- ***NPRR078, Simplifying the Dispute Process. Proposed effective date: upon implementation of the Texas nodal market. Minor cost to be absorbed in current project budget; ERCOT Staff impacts will be determined through the normal budgeting process; implementation of this NPRR involves a parameter change to the Commercial Systems (COMS) settlements and billing (S&B) system (other system changes may be required to fully implement this NPRR - these potential changes are not anticipated to have any cost impacts); no significant additional high-level impacts to business functions or grid operations are anticipated.*** This NPRR removes the concept of “timely” disputes ERCOT can resolve and removes the concept of disputing settlement statements. Instead, disputes filed with enough time for ERCOT to resolve them, as defined in the revised Protocols, will be resolved and included in the next Settlement Statement, if granted. ERCOT posted NPRR078 on 8/13/07. On 8/23/07, PRS voted to incorporate the comments by COPS, ERCOT Staff and Constellation NewEnergy and refer the merged version to COPS and the Transition Plan Task Force (TPTF) for review. The motion passed unanimously with all Market Segments present. On 9/20/07, PRS voted to recommend approval of NPRR078 as revised by COPS, with one abstention (Independent Generator (IG) Market Segment). All Market Segments attended for the vote. On 12/13/07, PRS unanimously voted to recommend approval of NPRR078 as revised by ERCOT Staff comments dated 12/7/07. All Market Segments attended the vote. On 1/3/08, with all Market Segments present, TAC voted to recommend approval of NPRR078. There was one abstention by the Consumer Market Segment. ERCOT credit staff and the Credit WG have reviewed NPRR078 and do not believe it requires changes to credit monitoring activity or the calculation of liability.
- ***NPRR086, Settlement Clarifications to RUC Capacity Shortfall Ratio Share Formula. Proposed effective date: upon implementation of the Texas nodal market. No incremental cost to ERCOT is anticipated; ERCOT Staff impacts will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions or grid operations are anticipated.*** This NPRR clarifies that the Capacity Shortfall Ratio Share includes DC Tie imports and exports; modifies the definition of the variable HASLADJ (High Ancillary Service Limit at

Adjustment Period) used in calculating the Reliability Unit Commitment (RUC) Capacity Shortfall Ratio Share; and modifies the definition of the variable Low Sustained Limit (LSL) to reflect that its value is the same as the LSL in the Current Operating Plan (COP). ERCOT posted this NPRR on 10/25/07. On 11/15/07, PRS unanimously voted to recommend approval of NPRR086 as submitted. All Market Segments attended the vote. On 12/13/07, PRS unanimously voted to forward the PRS Recommendation Report and the Impact Analysis for NPRR086 to TAC. All Market Segments attended the vote. On 1/3/08, with all Market Segments present, TAC voted to recommend approval of NPRR086 as amended by TAC with one abstention by the Independent Generator Market Segment. TAC noted that NPRR086 conforms to the existing “Oklaunion Exemption”. Credit WG evaluation pending.

- ***NPRR087, Market Monitor Terminology Change. Proposed effective date: upon implementation of the Texas nodal market. No incremental cost to ERCOT is anticipated; ERCOT Staff impacts will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions or grid operations are anticipated.*** This NPRR replaces the term Wholesale Electric Market Monitor (WEMM) with the term Independent Market Monitor (IMM). This NPRR was posted on 10/30/07. On 11/15/07, PRS unanimously voted to recommend approval of NPRR087 as submitted. All Market Segments attended the vote. On 12/13/07, PRS unanimously voted to forward the PRS Recommendation Report and the Impact Analysis for NPRR087 to TAC. All Market Segments attended the vote. On 1/3/08, with all Market Segments present, TAC voted to recommend approval of NPRR087, with one abstention by the Consumer Market Segment. Credit WG evaluation pending.

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>

**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 above.

**Alternatives:**

1. Approve the TAC recommendation on NPRRs 078, 086, and 087 as described above or as modified by the Board;
2. Reject the TAC recommendation; or
3. Remand NPRRs 078, 086, or 087 to the TAC with instructions.

**Conclusion/Recommendation:** As more specifically described above, TAC recommends that the Board approve NPRRs 078, 086, and 087 as described herein.



**Attachment A**

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**ISO BOARD OF DIRECTORS RESOLUTION**

**WHEREAS**, the Board of Directors ("Board") of Electric Reliability Council of Texas, Inc. ("ERCOT") deems it desirable and in ERCOT's best interest to approve NPRR078, *Simplifying the Dispute Process*, NPRR086, *Settlement Clarifications to RUC Capacity Shortfall Ratio Share Formula* and NPRR087, *Market Monitor Terminology Change*.

**THEREFORE BE IT RESOLVED**, that the Board hereby approves NPRR078, *Simplifying the Dispute Process*, NPRR086, *Settlement Clarifications to RUC Capacity Shortfall Ratio Share Formula* and NPRR087, *Market Monitor Terminology Change*.

**CORPORATE SECRETARY'S CERTIFICATE**

I, \_\_\_\_\_, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its January 15, 2008 the ERCOT ISO Board of Directors approved the above-referenced Resolution. The Motion passed by \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_.

\_\_\_\_\_  
A. Andrew Gallo  
Assistant Corporate Secretary