



Date: February 12, 2008
To: Board of Directors
From: Mark Dreyfus, Technical Advisory Committee (TAC) Chair
Subject: Protocol Revision Requests

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: February 19, 2008

Agenda Item No.: 8a

Issue:

Consideration of Protocol Revision Requests (PRRs)

Background/History:

Unless otherwise noted, all Market Segments were present for each vote.

- ***PRR749, Rule Changes to the REC Trading Program -- URGENT. Proposed effective date: March 1, 2008.*** ERCOT has an on-going project, Project 70035 REC Program Modifications, initiated in response to the PUCT project and budgeted in the \$100K-\$250K range. Because Project 70035 was already budgeted, this PRR does not trigger additional costs or budgetary impacts; no additional full-time equivalents needed; changes to registration and business rules of the Texas Renewable Energy web portal required; existing business processes can accommodate this PRR; no impact to grid operations. This PRR provides changes in wording, REC account qualification, REC award formulae and introduces compliance premiums to comply with P.U.C. SUBST. R. 25.173. On 12/10/07, ERCOT posted PRR749 and its Impact Analysis. On 12/13/07, PRS unanimously voted to table PRR749. On 01/17/08, PRS unanimously voted to recommend approval of PRR749 as revised by Luminant, FPL Energy and Austin Energy comments and as amended by PRS. On 2/7/08, TAC unanimously voted to recommend approval of PRR749 as revised by FPL Energy 02/04/08 comments and TAC.
- ***PRR750, Unannounced Generation Capacity Testing -- URGENT. Proposed effective date: March 1, 2008.*** No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this PRR; unannounced generation capacity testing will be done by grid operators. This PRR replaces the seasonal testing requirement with unannounced Generation Resource testing and adds a requirement for Qualified Scheduling Entities (QSEs) to seasonally update their Resources' High Sustainable Limits (HSLs). ERCOT posted PRR750 and its Impact Analysis on 12/11/07. The submitter requested Urgent status due to the need to establish a method for ensuring the accuracy of reported High Sustainable Limits (HSLs) to better reflect the capability of the ERCOT System. The submitter stated that Urgency would allow ERCOT to implement the unannounced generation capacity testing process as soon as possible and gather data allowing evaluation of the Reserve Discount Factor (RDF) calculation. On 12/13/07, PRS granted Urgent status via email vote. On 1/17/08, PRS voted to recommend approval of PRR750 as modified at PRS



based on comments by and discussions with Luminant, LCRA, PRS and ERCOT Staff. The motion passed with one abstention from the Municipally Owned Utility (MOU) Market Segment. On 2/7/08, TAC voted to recommend approval of PRR750 as revised by TAC. The motion passed with one abstention from the Independent Power Marketer Market Segment.

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>

Key Factors Influencing Issue:

The Protocol Revision Subcommittee (PRS) met, discussed the issues and submitted recommendation reports to the TAC regarding the PRRs described herein. TAC considered the issues and voted to take action on the PRRs as described above.

Alternatives:

1. Approve the TAC recommendation on PRR749, PRR750 or both, as described above or as modified by the Board;
2. Reject the TAC recommendation; or
3. Remand either or both PRRs to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the Board approve PRR749 and PRR750 as described herein.



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

WHEREAS, the Electric Reliability Council of Texas, Inc. (ERCOT) Protocol Revision Subcommittee (PRS) considered and discussed PRR749, *Rule Changes to the REC Trading Program* and PRR750, *Unannounced Generation Capacity Testing* and recommended their approval; and

WHEREAS, the ERCOT Technical Advisory Committee (TAC) considered and discussed PRR749, *Rule Changes to the REC Trading Program* and PRR750, *Unannounced Generation Capacity Testing* and recommended their approval; and

WHEREAS, the ERCOT Board of Directors (Board) deems it desirable and in ERCOT's best interest to approve PRR749, *Rule Changes to the REC Trading Program* and PRR750, *Unannounced Generation Capacity Testing* as recommended by PRS and TAC;

THEREFORE, BE IT RESOLVED, that the Board hereby approves PRR749, *Rule Changes to the REC Trading Program* and PRR750, *Unannounced Generation Capacity Testing* as recommended by the TAC.

CORPORATE SECRETARY'S CERTIFICATE

I, _____ [Assistant] Corporate Secretary of Electric Reliability Council of Texas, Inc., a Texas nonprofit corporation, do hereby certify that, at its February 19, 2008 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by a vote of [unanimous voice vote with no abstentions].

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2008.

[Assistant] Corporate Secretary