



Date: March 11, 2008
To: ERCOT Board of Directors
From: Mark Dreyfus, Technical Advisory Committee (TAC) Chair
Subject: Nodal Protocol Revision Requests (NPRR)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: March 18, 2008

Agenda Item No.: 10b

Issue:

Consideration of NPRRs.

Background/History:

Unless otherwise noted, all Market Segments were present for each vote. In addition, unless stated otherwise, the ERCOT Credit Staff and the Credit Work Group (WG) have reviewed the revision request and do not believe it requires changes to credit monitoring activity or the calculation of liability.

- ***NPRR081, Automatic Voltage Regulator (AVR) Status. Proposed effective date: upon implementation of the Texas nodal market. Estimated budget impact less than \$50,000; ERCOT Staff impacts will be determined through the normal budgeting process; implementation will require minor changes to NMMS and EMS (other system changes may be required to fully implement this NPRR); no significant additional high-level impacts to business functions or grid operations and practices are anticipated.*** This NPRR adds a requirement for telemetry of Generation Resource Automatic Voltage Regulator (AVR) status. NPRR081 was posted on 8/31/07. On 9/20/07, the Protocol Revision Subcommittee (PRS) voted to recommend approval of NPRR081 as revised by the Transition Plan Task Force (TPTF) and PRS. The motion passed with three abstentions from the Independent Generator (IG) and Independent Power Marketer (IPM) (2) Market Segments. On 11/15/07, PRS voted to forward NPRR081 and its Impact Analysis to TAC. There was one abstention from the IG Market Segment. On 11/19/07, TAC voted to refer NPRR081 to the Reliability and Operations Subcommittee (ROS) pending deliverables from the Power System Stabilizer Task Force. The motion passed with two abstentions from the Consumer (1) and Municipally Owned Utility (MOU)(1) Market Segments. On 3/6/08, TAC unanimously voted to recommend approval of NPRR081 as revised by ROS comments.
- ***NPRR089, Changing Posting Requirement of Certain Documents from MIS Secure to Public Areas [ERCOT]. Proposed effective date: Upon Texas Nodal Market implementation. No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this NPRR; no impact to grid operations. This NPRR changes the requirement to post “Other Binding***

Documents” from the Market Information System (MIS) Secure Area to the MIS Public Area. ERCOT posted this NPRR on 11/7/07. On 11/15/07, PRS unanimously voted to refer NPRR089 to the TPTF. On 01/17/08, PRS unanimously voted to recommend approval of NPRR089 as revised by TPTF comments. On 2/21/08, PRS reviewed the IA and unanimously voted to forward this NPRR to TAC. On 3/6/08, TAC unanimously voted to recommend approval of NPRR089 as recommended by PRS.

- ***NPRR094, Correct Reference to CRR Credit Limit [TPTF]. Proposed effective date: Upon Texas Nodal Market implementation.*** No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this NPRR; no impact to grid operations. This NPRR will allow ERCOT to determine the credit limits for Counter-Parties, not CRR Account Holders. CRR Account Holders will have the flexibility to manage their credit limits for each CRR auction activity. On 1/2/08, ERCOT posted NPRR094. On 1/17/08, PRS unanimously voted to recommend approval of this NPRR as submitted. On 2/21/08, PRS reviewed the Recommendation Report and IA and unanimously voted to forward this NPRR to TAC. On 3/6/08, TAC unanimously voted to recommend approval of NPRR094 as recommended by PRS.
- ***NPRR095, Clarify Recipients of MCFRIs [TPTF]. Proposed effective date: Upon Texas Nodal Market implementation.*** No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this NPRR; no impact to grid operations. This NPRR clarifies that McCamey Flow Gate Rights (MCFRIs) are to be allocated to CRR Account Holders either affiliated with or designated by Wind Generation Resources located in the McCamey area. On 1/2/08, ERCOT posted NPRR095. On 1/17/08, PRS unanimously voted to recommend approval of this NPRR as submitted. On 2/21/08, PRS reviewed the Recommendation Report and IA and unanimously voted to forward this NPRR to TAC. On 3/6/08, TAC unanimously voted to recommend approval of NPRR095 as recommended by PRS.
- ***NPRR096, Revisions to RMR Startup Energy Payments [ERCOT]. Proposed effective date: Upon Texas Nodal Market implementation.*** No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this NPRR; no impact to grid operations. This NPRR incorporates language from the Commercial Systems Eligibility Process for Settlements Requirements (B2) (v3.0) (Eligibility Process) document approved by the TPTF on 10/18/07. The proposed language is consistent with the language in the Eligibility Process to determine if a Reliability Must Run (RMR) Unit is to be compensated for its startup costs, as well as Sections 5.6.2, RUC Startup Cost Eligibility, and Section 5.6.3, Forced Outage of a RUC-Committed Resource. ERCOT posted NPRR096 on 1/7/08. On 1/17/08, PRS unanimously voted to recommend approval of this NPRR as submitted. On 2/21/08, PRS reviewed the Recommendation Report and IA and unanimously voted to forward this NPRR to TAC. On 3/6/08, TAC unanimously voted to recommend approval of NPRR096 as recommended by PRS.

- ***NPRR098, Protocol Sections 4 and 6 Formula Clarifications and Related Revisions [TPTF]. Proposed effective date: Upon Texas Nodal Market implementation. No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this NPRR; no impact to grid operations.*** This NPRR revises parts of Section 4.6.4.2 (Charges for Ancillary Services Procurement in the DAM) and Sections 6.6.7 (Voltage Support Settlement), 6.6.9.1 (Payment for Emergency Power Increase Directed by ERCOT), and 6.7.3 (Adjustments to Cost Allocations for Ancillary Services Procurement) to add clarity to the formulas for charges related to certain Ancillary Services and variable definitions or data elements. ERCOT posted NPRR098 on 1/9/08. On 1/17/08, PRS unanimously voted to recommend approval of NPRR098 as revised by ERCOT Staff comments. On 2/21/08, PRS reviewed the Recommendation Report and IA and unanimously voted to forward this NPRR to TAC. On 3/6/08, TAC unanimously voted to recommend approval of NPRR098 as recommended by PRS.

The TAC Recommendation Reports and IAs for these NPRRs are included in the ERCOT Board meeting materials. In addition, these NPRRs and 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 PRS met, discussed the issues and submitted recommendation reports to the TAC regarding the NPRRs described herein. TAC considered the issues and voted to take action on these NPRRs as described above.

Alternatives:

1. Approve the TAC recommendation on NPRR081, NPRR089, NPRR094, NPRR095, NPRR096, and/or NPRR098, as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation; or
3. Remand NPRR081, NPRR089, NPRR094, NPRR095, NPRR096, and/or NPRR098 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRR081, NPRR089, NPRR094, NPRR095, NPRR096, and NPRR098 as described herein.



Attachment A

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

WHEREAS, the Electric Reliability Council of Texas, Inc. ("ERCOT") Board of Directors ("Board") deems it desirable and in ERCOT's best interest to approve NPRR081, Automatic Voltage Regulator (AVR) Status; NPRR089, Changing Posting Requirement of Certain Documents from MIS Secure to Public Areas; NPRR094, Correct Reference to CRR Credit Limit; NPRR095, Clarify Recipients of MCFRIs; NPRR096, Revisions to RMR Startup Energy Payments; and NPRR098, Protocol Sections 4 and 6 Formula Clarifications and Related Revisions, and

WHEREAS, Protocol Revision Request 740 (PRR740), Creating Amendment to Standard Form Market Participant Agreement, has the support of the Technical Advisory Committee ("TAC"),

THEREFORE BE IT RESOLVED, that the Board hereby approves NPRR081, NPRR089, NPRR094, NPRR095, NPRR096, and NPRR098.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its meeting on the _____ day of _____, 2008, the ERCOT Board of Directors approved this Resolution. The Motion passed by _____.

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

Michael G. Grable
Corporate Secretary