



Date: June 6, 2008
To: ERCOT Board of Directors
From: Mark Dreyfus, Technical Advisory Committee (TAC) Chair
Subject: Protocol Revision Requests (PRR)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: June 17, 2008

Agenda Item No.: 9c

Issue:

Consideration of PRR720, Texas Regional Entity Fee Methodology Revision, PRR753, PRR Appeals Process, PRR762, West Zone SCE Performance Conditions, and PRR763, Use of WGRPP as a Planned Operating Level in Day-Ahead Resource Plan for WGRs.

Background/History:

Unless otherwise noted: (i) all Market Segments were present for each vote and (ii) ERCOT Credit Staff and the Credit Work Group (Credit WG) have reviewed the revision requests and do not believe it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR720, Texas Regional Entity Fee Methodology Revision [ERCOT]. Proposed effective date: January 1, 2009. No budgetary impact; one additional full-time equivalent needed; no system changes required; ERCOT finance will perform transactions, otherwise existing business processes can accommodate this PRR; no impact to grid operations.*** This PRR changes how ERCOT issues invoices to collect the Electric Reliability Organization Fee. PRR720 was posted on 5/1/07. On 6/21/07, PRS unanimously voted to refer PRR720 to COPS. On 3/20/08, PRS unanimously voted to recommend approval of PRR720 as revised by ERCOT comments. On 4/18/08, PRS unanimously voted to endorse and forward the PRS Recommendation Report and Impact Analysis to TAC. On 5/8/08, TAC voted to recommend approval of PRR720 as recommended by PRS. There were three abstentions from the Consumer (2) and Independent Retail Electric Provider (IREP) (1) Market Segments.
- ***PRR753, PRR Appeals Process [ERCOT]. Proposed effective date: July 1, 2008. No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this PRR; no impact to grid operations..*** This PRR provides for a more structured process for parties to appeal the decisions pertaining to PRRs made by PRS and TAC. This proposal also provides timelines for appealing PRS and TAC decisions and makes accommodating provisions for PRRs on an Urgent timeline. PRR753 was posted on 2/4/08. On 3/20/08, PRS voted to recommend approval of PRR753 as revised by PRS. There was one abstention from the Independent Generator Market Segment. On 4/18/08, PRS unanimously voted to endorse and forward the PRS Recommendation Report and Impact Analysis to TAC. On 5/8/08, TAC voted to recommend approval of PRR753 as recommended by PRS.

There were eight objections from the Consumer (4) and IREP (4) Market Segments.

- ***PRR762, West Zone SCE Performance Conditions - URGENT [AEP]. Proposed effective date: July 1, 2008.*** *No budgetary impact; no additional full-time equivalents needed; no system changes required; ERCOT will exclude from consideration of performance periods where QSEs operating controllable units in the West zone are called upon to deploy and recall Balancing Energy in response to high wind production and Congestion in the area; no impact to grid operations.* This PRR revises Section 6.10.6, Ancillary Service Deployment Performance Conditions, to exclude from consideration of performance periods where Qualified Scheduling Entities (QSEs) operating controllable Resources in the West zone are called upon to deploy and recall Balancing Energy Service in response to high wind production and Congestion in the area. PRR762 was posted on 4/21/08. On 5/22/08, PRS voted to recommend approval of PRR762 as revised by PRS. There was one opposing vote from the Consumer Market Segment and four abstentions from the Municipally Owned Utility (MOU)(1); Independent Power Marketer (IPM)(1); IREP(1); and Investor Owned Utility (IOU)(1) Market Segments. On 5/22/08, PRS also voted to grant PRR762 Urgent status. There were three opposing votes from the Consumer (1) and MOU (2) Market Segments and four abstentions from the MOU (1); IPM (1); and IREP (2) Market Segments. On 6/5/08, TAC voted to recommend approval of PRR762 as recommended by PRS. There were seven opposing votes from the Consumer (6) and MOU (1) Market Segments and one abstention from the IOU Market Segment. *Credit review is pending.*
- ***PRR763, Use of WGRPP as Planned Operating Level in Day-Ahead Resource Plan for WGRs – URGENT [ROS]. Proposed effective date: July 1, 2008.*** *Cost impact to be managed under O&M budget; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this PRR; improves reliability of grid operations..* This PRR allows QSEs representing Wind-powered Generation Resources (WGR) to use an ERCOT-provided Wind-powered Generation Resource Power Potential (WGRPP) forecast as the planned operating level in the Resource Plan. PRR763 was posted on 5/16/08. On 5/21/08, PRS granted PRR763 Urgent status via email vote. On 5/22/08, PRS unanimously voted to recommend approval of PRR763 as revised by PRS. On 6/5/08, TAC unanimously voted to recommend approval of PRR763 as revised by TAC. *Credit review pending.*

The TAC Recommendation Reports and Impact Analyses for these PRRs are included in the ERCOT Board meeting materials. In addition, these PRRs and 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 PRS met, discussed the issues and submitted a recommendation report to TAC regarding PRR720, PRR753, PRR762, and PRR763. TAC considered the issues and voted to take action on PRR720, PRR753, PRR762, and PRR763 as described above.

**Alternatives:**

1. Approve the TAC recommendation on PRR720, PRR753, PRR762, and/or PRR763, as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation; or
3. Remand PRR720, PRR753, PRR762, and/or PRR763 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve PRR720, PRR753, PRR762, and/or PRR763.



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 PRR720, Texas Regional Entity Fee Methodology Revision, PRR753, PRR Appeals Process, PRR762, West Zone SCE Performance Conditions, and PRR763, Use of WGRPP as a Planned Operating Level in Day-Ahead Resource Plan for WGRs.

THEREFORE be it RESOLVED, that the Board hereby approves PRR720, PRR753, PRR762, and PRR763.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its June 17, 2008 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by a vote of _____.

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

Michael G. Grable
Corporate Secretary