



Date: July 8, 2008
To: ERCOT Board of Directors
From: Mark Dreyfus, Technical Advisory Committee (TAC) Chair
Subject: Nodal Protocol Revision Requests (NPRRs)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: July 15, 2008

Agenda Item No.: 7a

Issue:

Consideration of the following NPRRs:

- NPRR097, Changes to Section 8, Performance Monitoring and Compliance (formerly titled “Changes to Section 8 to Incorporate Role of TRE (Texas Regional Entity), the IMM (Independent Market Monitor), and the Concept of Market Compliance”)
- NPRR107, Nodal Emergency Interruptible Load Service (EILS)
- NPRR111, Timelines for Response by ERCOT to (Transmission Service Providers) TSP Requests
- NPRR112, Emergency Base Point Price Revision
- NPRR117, Resource Registration Clarification
- NPRR118, Section 14, Synchronization of Zonal Protocols
- NPRR119, Resource Limit Calculator
- NPRR120, Corrections and Clarifications for Real Time Settlements
- NPRR122, Simplify Ancillary Services Settlement Formulas
- NPRR123, Inadvertent Energy Account Revision
- NPRR130, Congestion Revenue Right (CRR) Settlements Revenue Equalization

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 request and do not believe it requires changes to credit monitoring activity or the calculation of liability.

- ***NPRR097, Changes to Section 8, Performance Monitoring and Compliance (formerly titled “Changes to Section 8 to Incorporate Role of TRE, the IMM, and the Concept of Market Compliance”). [TPTF] Proposed effective date: upon Texas Nodal Market Implementation. Estimated cost in the \$100,000 to \$250,000 range; staffing impacts, if any, will be determined through the normal budgeting process; system impacts to the Energy Management System (EMS), Electronic Data Warehouse (EDW), Management Information System (MIS), and Enterprise Information Project (EIP); NPRR097 will require ERCOT to measure and post Qualified Scheduling Entity (QSE) and QSE Resources performance to the MIS Certified Area; NPRR097 will improve performance monitoring for various areas in EMS. This NPRR incorporates relevant concepts from the TAC-approved EMS and Market Management System (MMS) Business***



Requirements and Conceptual Design Documentation to bring Section 8, Performance Monitoring and Compliance, language addressing Ancillary Service qualification testing and performance monitoring into conformance with the current nodal market Ancillary Service deployment design. NPRR097 was posted on January 8, 2008. On February 21, 2008, the Protocol Revisions Subcommittee (PRS) unanimously voted to remand NPRR097 to the Texas Nodal Transition Plan Task Force (TPTF). On March 20, 2008, PRS unanimously voted to table NPRR097. On April 18, 2008, PRS unanimously voted to recommend approval of NPRR097 as amended by the 040108 ERCOT Comments. On May 22, 2008, PRS unanimously voted to table NPRR097 until the June 19, 2008 PRS meeting. On June 19, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and Impact Analysis (IA) to TAC for approval. On June 26, 2008, TAC unanimously voted to recommend approval of NPRR097 as revised by TAC.

- ***NPRR107, Nodal Emergency Interruptible Load Service (EILS) [ERCOT]. Proposed effective date: upon Texas Nodal Market Implementation.*** *Estimated cost less than \$50,000; staffing impacts, if any, will be determined through the normal budgeting process; ERCOT Market Information Distribution (MID), Market Information Repository (MIR) and MIS systems will be modified for implementation of this NPRR; no significant additional high-level impacts to business functions or grid operations and practices are anticipated.* This NPRR documents that, in the Nodal Market, EILS is deployed during an Emergency Electric Curtailment Plan (EECP), after all available Generation Resources and Loads acting as Resources (LaaRs) have been deployed. NPRR107 was posted on February 29, 2008. On March 20, 2008, PRS unanimously voted to refer NPRR107 to TPTF for review. On May 22, 2008, PRS unanimously voted to recommend approval of NPRR107 as amended by TPTF comments. On June 19, 2008, PRS unanimously voted to endorse and forward the IA and the PRS Recommendation Report as amended by ERCOT 061808 comments to TAC for approval. On June 26, 2008, TAC voted to recommend approval of NPRR107 as recommended by PRS. There were two abstentions from the Independent Power Marketer (IPM) Market Segment.
- ***NPRR111, Timelines for Response by ERCOT to TSP Requests [ERCOT]. Proposed effective date: upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT is anticipated; staffing impacts, if any, will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions, or grid operations and practices are anticipated.* This NPRR revises the table in item (1) of Section 3.1.5.3, Timelines for Response by ERCOT for TSP Requests to: (1) make the timeline internally consistent and (2) increase the “approval window” for the 45-day timeline. NPRR111 was posted on March 4, 2008. On March 20, 2008, PRS unanimously voted to refer NPRR111 to TPTF for review. On May 22, 2008, PRS unanimously voted to recommend approval of NPRR111 as submitted. On June 19, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and IA to TAC for approval. On June 26, 2008, TAC



unanimously voted to recommend approval of NPRR111 as recommended by PRS.

- ***NPRR112, Emergency Base Point Price Revision [ERCOT]. Proposed effective date: upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT is anticipated; Staff impacts, if any, will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions, or grid operations and practices are anticipated.* This NPRR clarifies the calculation of the Emergency Base Point Price per QSE per Resource by interval variable. NPRR112 was posted on March 5, 2008. On March 20, 2008, PRS voted to recommend approval of NPRR112 as submitted. There were three abstentions from the Consumer (1) and the IPM (2) Market Segments. On April 18, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and IA to TAC. On May 8, 2008, the TAC Chair remanded NPRR112 to PRS to review and reconcile inconsistencies between the graphs and the text in the relevant Nodal Protocol language. On June 19, 2008, PRS unanimously voted to recommend approval of NPRR112 as amended by TPTF comments and to forward to TAC for approval. On June 26, 2008, TAC voted to recommend approval of NPRR112 as recommended by PRS. There were four opposing votes from the Consumer Market Segment and two abstentions from the Independent Retail Electric Provider (IREP) Market Segment.
- ***NPRR117, Resource Registration Clarification [ERCOT]. Proposed effective date: upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT is anticipated; staffing impacts, if any, will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions, or grid operations and practices are anticipated.* This NPRR clarifies the obligations of a Resource Entity to register Resource data with ERCOT and the obligations of a QSE to submit Resource Parameters for operational purposes to ERCOT. This NPRR also deletes a QSE's obligation to submit Private Use Network design and engineering data and places the obligation on a Generation Entity with a Generation Resource located within a Private Use Network. NPRR117 was posted on March 26, 2008. On April 18, 2008, PRS unanimously voted to refer NPRR117 to TPTF for review. On May 22, 2008, PRS unanimously voted to recommend approval of NPRR117 as amended by TPTF comments. On June 19, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and IA to TAC for approval. On June 26, 2008, TAC unanimously voted to recommend approval of NPRR117 as recommended by PRS.
- ***NPRR118, Section 14, Synchronization of Zonal Protocols [ERCOT]. Proposed effective date: upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT is anticipated; staffing impacts, if any, will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions, or grid operations and practices are anticipated.* This NPRR synchronizes zonal Protocol Section 14, State of Texas Renewable Energy Credit Trading Program, with the current Nodal Protocols. NPRR118 was posted on March 27,



2008. On April 18, 2008, PRS unanimously voted to refer NPRR118 to TPTF for review. On May 22, 2008, PRS unanimously voted to recommend approval of NPRR118 as amended by ERCOT comments. On June 19, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and IA to TAC for approval. On June 26, 2008, TAC unanimously voted to recommend approval of NPRR118 as recommended by PRS.

- ***NPRR119, Resource Limit Calculator [ERCOT]. Proposed effective date: upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT is anticipated; staffing impacts, if any, will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions, or grid operations and practices are anticipated.* This NPRR changes the Low Dispatch Limit (LDL) calculation to ensure that the LDL and High Dispatch Limit (HDL) limit sent to the Security Constrained Economic Dispatch (SCED) software do not exceed the High Sustained Limit (HSL) under any circumstance. NPRR119 was posted on March 27, 2008. On April 18, 2008, PRS unanimously voted to refer NPRR119 to TPTF for review. On May 22, 2008, PRS unanimously voted to recommend approval of NPRR119 as submitted. On June 19, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and IA to TAC for approval. On June 26, 2008, TAC unanimously voted to recommend approval of NPRR119 as recommended by PRS.
- ***NPRR120, Corrections and Clarifications for Real Time Settlements [ERCOT]. Proposed effective date: upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT is anticipated; staffing impacts, if any, will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions, or grid operations and practices are anticipated.* This NPRR makes corrections and clarifications to existing formulas for Real-Time Settlement. NPRR120 was posted on March 27, 2008. On April 18, 2008, PRS unanimously voted to refer NPRR120 to TPTF for review. On May 22, 2008, PRS unanimously voted to recommend approval of NPRR120 as submitted. On June 19, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and IA to TAC for approval. On June 26, 2008, TAC unanimously voted to recommend approval of NPRR120 as recommended by PRS.
- ***NPRR122, Simplify Ancillary Services Settlement Formulas [ERCOT]. Proposed effective date: upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT is anticipated; staffing impacts, if any, will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions, or grid operations and practices are anticipated.* This NPRR replaces the Ancillary Service trades and self-supply in the Settlement formulas and replaces them with the self-arranged quantities. This NPRR also proposes editorial changes to variables and subscripts and adds clarifying language. NPRR122 was posted on April 7, 2008. On April 18, 2008, PRS unanimously voted to refer NPRR122 to



TPTF for review. On May 22, 2008, PRS unanimously voted to recommend approval of NPRR122 as submitted. On June 19, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and IA to TAC for approval. On June 26, 2008, TAC unanimously voted to recommend approval of NPRR122 as recommended by PRS.

- ***NPRR123, Inadvertent Energy Account Revision [ERCOT]. Proposed effective date: upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT is anticipated; staffing impacts, if any, will be determined through the normal budgeting process; no significant additional high-level impacts to computer systems, business functions, or grid operations and practices are anticipated.* This NPRR corrects the definition for an Inadvertent Energy Account. NPRR123 was posted on April 9, 2008. On April 18, 2008, PRS unanimously voted to refer NPRR123 to TPTF for review. On May 22, 2008, PRS unanimously voted to recommend approval of NPRR123 as submitted. On June 19, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and IA to TAC for approval. On June 26, 2008, TAC unanimously voted to recommend approval of NPRR123 as recommended by PRS.
- ***NPRR130, CRR Settlements Revenue Equalization [TPTF]. Proposed effective date: upon Texas Nodal Market Implementation.*** *Estimated cost in the \$50,000 to \$100,000 range; staffing impacts, if any, will be determined through the normal budgeting process; ERCOT CSI, Lodestar, Rome, and Appworx systems will be modified for implementation of this NPRR; no significant additional high-level impacts to business functions or grid operations and practices are anticipated.* This NPRR adds an accounting provision to assure revenue neutrality in the Day Ahead Market financial activity while refunding the proper funds later through the Congestion Revenue Right Balancing Account. NPRR130 was posted on May 9, 2008. On May 22, 2008, PRS unanimously voted to recommend approval of NPRR130 as submitted. On June 19, 2008, PRS unanimously voted to endorse and forward the PRS Recommendation Report and IA to TAC for approval. On June 26, 2008, TAC unanimously voted to recommend approval of NPRR130 as recommended by PRS.

The TAC Recommendation Reports and Impact Analyses 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:

PRS met, discussed the issues, and submitted recommendation reports to 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 NPRR097, NPRR107, NPRR111, NPRR112, NPRR117, NPRR118, NPRR119, NPRR120, NPRR122, NPRR123, and/or NPRR130 as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation; or
3. Remand NPRR097, NPRR107, NPRR111, NPRR112, NPRR117, NPRR118, NPRR119, NPRR120, NPRR122, NPRR123, and/or NPRR130 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRR097, NPRR107, NPRR111, NPRR112, NPRR117, NPRR118, NPRR119, NPRR120, NPRR122, NPRR123, and NPRR130 as described herein.



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 the following NPRRs:

- NPRR097, Changes to Section 8, Performance Monitoring and Compliance (formerly titled “Changes to Section 8 to Incorporate Role of TRE, the IMM, and the Concept of Market Compliance”),
- NPRR107, Nodal Emergency Interruptible Load Service (EILS),
- NPRR111, Timelines for Response by ERCOT to TSP Requests,
- NPRR112, Emergency Base Point Price Revision,
- NPRR117, Resource Registration Clarification,
- NPRR118, Section 14, Synchronization of Zonal Protocols,
- NPRR119, Resource Limit Calculator,
- NPRR120, Corrections and Clarifications for Real Time Settlements,
- NPRR122, Simplify Ancillary Services Settlement Formulas,
- NPRR123, Inadvertent Energy Account Revision, and
- NPRR130, CRR Settlements Revenue Equalization.

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRR097, NPRR107, NPRR111, NPRR112, NPRR117, NPRR118, NPRR119, NPRR120, NPRR122, NPRR123, and NPRR130.

CORPORATE SECRETARY’S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its meeting convened on July 15, 2008, the ERCOT Board of Directors passes a motion approving the above resolution by _____.

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

Michael G. Grable
Corporate Secretary