

Date: March 10, 2009
To: ERCOT Board of Directors
From: Mark Bruce, Technical Advisory Committee (TAC) Chair
Subject: Overview of March 17, TAC Report to the ERCOT Board of Directors

In preparation for the March 17 meeting of the ERCOT Board of Directors, please find the summary below of items to be presented in the TAC Report.

Protocol Revision Requests recommended for approval

As discussed more fully in the accompanying PRR Memo, TAC recommends the Board approve PRRs 784, 785, and 786. PRRs 785 and 786 were unanimously recommended with all market segments present for the vote. PRR 784 was recommended with two opposing votes.

Nodal Protocol Revision Requests recommended for approval

As discussed more fully in the accompanying NPRR Memo, TAC recommends the Board approve NPRRs 135 and 161. Both NPRRs were recommended for approval with one abstention.

It is important to note that both NPRR 135 and 161 have been reviewed by the ERCOT CEO in accordance with the procedure set forth in PRR 799, which was approved by the Board last month. Both of these NPRRs are pretty straightforward language changes and do not impact the nodal project scope, schedule, or budget. Both have been designated by the ERCOT CEO as essential for Go-Live.

Load Profile Guide Revision Request recommended for approval

As discussed more fully in the accompanying LPGRR Memo, TAC recommends the Board approve LPGRR 032. Requested changes to market guides are only brought to the Board for approval if implementation requires a system project. LPGRR 032 implementation requires minor modifications to the Lodestar system, however, it is anticipated this work can be incorporated into an existing project which is only now in the planning stages. The Lodestar modifications are not expected to impose any additional project costs on ERCOT.

Informational Item: Adoption of Operating Guide Revision Requests

As required by the Protocols and as described more completely in the accompanying March 17 TAC Report to the ERCOT Board, TAC informs the Board of TAC approval of OGRRs 219 and 220.

Informational Item: Adoption of Nodal Operating Guide Revision Request

As required by the Protocols and as described more completely in the accompanying March 17 TAC Report to the ERCOT Board, TAC informs the Board of TAC approval of NOGRR 023.

Informational Item: TAC Action on ERCOT CRE Request

On March 4, ERCOT Staff requested TAC approve the addition of two new Closely Related Elements (CREs). The CREs would be used to manage North to Houston zonal congestion during transmission outages associated with bringing the Singleton substation online. TAC will consider ERCOT's request in an e-mail vote scheduled to close on March 11. The March 17 TAC Report to the ERCOT Board will be updated to reflect the outcome of the vote.

Issue Update: PRRs 776 and 791

At our March 5 meeting, TAC once again took up PRRs 776 and 791 and, once again, were unable to reach the 2/3 majority required to adopt a recommendation to the Board. Therefore, both PRRs remain tabled at TAC.

As requested by the Board at its February 17 meeting, both votes taken by TAC were recorded and are included in your meeting packet for review. TAC first voted on a motion to approve PRR 776 alone and this motion failed by one vote. TAC next voted on a motion to approve PRR 776 with the PRR 791 language included and this motion also failed by one vote. No motion was presented to recommend approval of PRR 791 by itself.

Although TAC did not pass a recommendation on either vote, the PRR language associated with each vote is included in your meeting packet so you may see the most current version of each option. For informational purposes, the latest version of PRR 791 as a stand-alone proposal is also included in your packet.

Guide to the 776/791 documents in the 03/17 Board meeting packet:

- The March 5 TAC vote on 776 alone is captured in Doc. No. 776PRR-62
- The latest version of 776 stand-alone language is captured in Doc. No. 776PRR-63
- The March 5 TAC vote on the combined 776/791 is captured in Doc. No. 776PRR-64
- The latest version of the 776/791 combo language is captured in Doc. No. 776PRR-65
- There was no vote by TAC on March 5 to approve PRR 791 alone
- The latest version of 791 stand-alone language is captured Doc. No. 791PRR-15

Issue Update: TAC Response to PUCT and TRE

In August 2008, the Board approved NPRR 097 which amended Section 8 of the Nodal Protocols to incorporate the roles of the IMM and TRE and the concept of market compliance. As you may recall, NPRR 097 did not include specific performance metrics and the Board approved the NPRR with the understanding that a detailed performance monitoring and compliance program would be developed for inclusion into the Nodal Operating Guide.

In December 2008, Staff of the PUCT and TRE requested an update from TAC on stakeholder progress toward completing this task, which both the PUCT and TRE deem essential to be completed prior to opening the nodal market.

The TAC response to the PUCT and TRE is included in your Board materials for your information.

Issue Update: TAC Quarterly Report on Wind Integration to PUCT

Ordering Paragraph No. 7 of the Final Order on Rehearing in P.U.C. Docket No. 33672 *Commission Staff's Petition for Designation of Competitive Renewable Energy Zones* requires ERCOT, in association with market participants, to report to the PUCT at least quarterly on system reliability issues related to increased wind generation on the ERCOT system.

The first such quarterly report is included in your meeting packet for review. It is expected this report will be filed in time for consideration by the PUCT at the March 27 Open Meeting. TAC will provide each subsequent quarterly report to the Board for review prior to presenting the report to the PUCT.

TAC also plans to present the first version of a more comprehensive renewable technologies integration plan for the Board's consideration in April.

Issue Update: Stakeholder engagement in nodal project

As reported to the Board in February, TAC is currently re-evaluating the role of market participants in the nodal project with a particular emphasis on re-focusing efforts on assisting ERCOT with product delivery and ensuring market participant readiness while freeing up ERCOT implementation team resources to focus on product delivery and ERCOT readiness activities.

Since our last discussion on this topic, TAC has taken the following actions:

- On March 5, TAC dissolved the Transition Plan Task Force (TPTF). It is anticipated that TAC will form a new task force or work group to serve as the focal point for stakeholder engagement with ERCOT Staff on the nodal project. However, such a group has not been formed at this time. TAC will consider proposals for the structure and mission of such a group at its April 9 meeting.

- All TPTF meetings previously scheduled for March 2009 have been cancelled and the meeting space returned to the ERCOT calendar for other uses. All remaining TPTF meeting dates have been removed from the public view of the ERCOT calendar on ercot.com, however, TAC is holding these future meeting dates for use by the nodal work group to be formed. These meeting dates will be released month by month until such time as the new group becomes active. Those meeting dates not used by the new group will be released to the ERCOT calendar. It is anticipated, at least for some portion of 2009, that the new nodal work group will meet less frequently than the TPTF.
- Until such time as a new TAC nodal work group is formed, TAC has established an interim solution for instances where ERCOT Staff requires market participant feedback or issue resolution.
 - ERCOT will continue to maintain the TPTF e-mail list.
 - If an issue arises which requires stakeholder feedback or resolution, ERCOT will pose the question to the market through both the TPTF and TAC e-mail lists.
 - Market participants will have 24 hours to respond to the question by reply e-mail and (if necessary) TAC will conduct an e-mail vote to resolve the issue. Since TAC Procedures require 2 business days for an e-mail vote, it is anticipated most ERCOT questions can be addressed by this interim process within 24 to 72 hours.
 - If the issue to be resolved is particularly complex, TAC may host a conference call or web-based meeting to facilitate understanding of the ERCOT information request.
 - This procedure is intended to serve as an interim measure for feedback to ERCOT Staff only until a new TAC work group is formed to assist the nodal implementation effort.
- The form used by market participants to submit an NPRR for consideration has been revised to reflect the procedural changes adopted in PRR 799. The form now includes an option to indicate whether the NPRR is intended for nodal Go-Live in order to aide the ERCOT CEO in his review process.
- On March 5, TAC tabled the first NPRR (No. 146) approved by the Protocol Revision Subcommittee which has not received the “essential for Go-Live” designation required by the ERCOT CEO under PRR 799.
 - This PRR was already in process before PRR 799 was filed.
 - At this time, TAC has not finalized a procedure to manage the “parking deck” of post-Go-Live NPRRs. Until such a procedure is adopted, it is anticipated that TAC will table all post-Go-Live NPRRs and hold them for inclusion in the parking deck.
 - At this time, it is under consideration that TAC will not forward any post-Go-Live NPRRs to the ERCOT Board for final approval until some time closer to the nodal market launch date but rather will hold such NPRRs in the parking deck at the TAC level until the Board is ready to consider post-Go-Live changes to the Nodal Protocols and nodal systems.
 - TAC will work with ERCOT Staff and the Board to develop these procedures.