



Date: March 10, 2009
To: ERCOT Board of Directors
From: Mark Bruce, 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: March 17, 2009

Agenda Item No.: 11b

Issue:

Consideration of the following NPRRs:

- NPRR135 – Deletion of UFE Analysis Zone Language
- NPRR161 – Clarification of Establishing Decision-Making Authority of Managed Capacity

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.

- ***NPRR135 – Deletion of Unaccounted for Energy (UFE) Analysis Zone Language [ERCOT]. Proposed effective date: Upon Texas Nodal Market Implementation. No incremental cost to ERCOT; no impact to ERCOT staffing; no impact to computer systems; no impacts to ERCOT business functions; no impact to grid operations and practices.*** This NPRR deletes an outdated section pertaining to UFE analysis. NPRR135 was posted on June 20, 2008. On July 17, 2008 the Protocol Revision Subcommittee (PRS) unanimously voted to table NPRR135 pending development and approval of corresponding PRR770, Deletion of UFE Analysis Zone Language. On December 18, 2008 PRS unanimously voted to recommend approval of NPRR135 as submitted. The Independent Generator Market Segment was not present for the vote. On January 22, 2009 PRS unanimously voted to endorse and forward the PRS Recommendation Report and Impact Analysis for NPRR135 to TAC. On February 5, 2009 TAC unanimously voted to table NPRR135. On March 5, 2009 TAC voted to recommend approval of NPRR135 as recommended by PRS with one (1) abstention from the Investor Owned Utility (IOU) Market Segment.
- ***NPRR161 – Clarification of Establishing Decision-Making Authority of Managed Capacity [ERCOT]. Proposed effective date: Upon Texas Nodal Market Implementation. No incremental cost to ERCOT; no impact to ERCOT staffing; no impact to computer systems; no impacts to ERCOT business functions; no impact to grid operations and practices.*** This NPRR clarifies Nodal Protocol language on the obligation to provide ERCOT designated decision-making authority over Resources when considering pricing safeguards and when testing for competitiveness in resolving system constraints. The NPRR aligns Nodal Protocol language with the Public Utility Commission of Texas (Commission)



Order adopting paragraph (e) of P.U.C. SUBST. R. 25.502, Pricing Safeguards in Markets Operated by the Electric Reliability Council of Texas. NPRR161 was posted on October 16, 2008. On November 20, 2008, PRS unanimously voted to table NPRR161 until the December 18, 2008 PRS meeting. On December 18, 2009, PRS unanimously voted to recommend approval of NPRR161 as amended by the December 12, 2008 ERCOT comments. The Independent Generator Market Segment was not present for the vote. On January 22, 2009 PRS unanimously voted to endorse and forward the PRS Recommendation Report and Impact Analysis for NPRR161 to TAC. On February 5, 2009 TAC unanimously voted to table NPRR161. On March 5, 2009 TAC voted to recommend approval of NPRR161 as recommended by PRS with one (1) abstention from the IOU Market Segment.

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:

The 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 NPRR135 and/or NPRR161 as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation; or
3. Remand NPRR135 and/or NPRR161 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRR135 and NPRR161 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 NPRR135 – Deletion of UFE Analysis Zone Language, and NPRR161 – Clarification of Establishing Decision-Making Authority of Managed Capacity.

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRR135 and NPRR161.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its March 17, 2009 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2009.

Michael G. Grable
Corporate Secretary