



Date: May 13, 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: May 20, 2009

Agenda Item No.: 08b

Issue:

Consideration of the following NPRRs:

- NPRR157 – Extending Black Start Service Bid Timeline
- NPRR163 – Removal of Late Fee Language
- NPRR166 – Timing for Required Black Start Unit Load Carrying Test
- NPRR167 – Options for Filing Verifiable Costs – Qualified Scheduling Entities (QSEs) or Resources (REs)

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.

- ***NPRR157 – Extending Black Start Service Bid Timeline [ROS]. 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 Black Start Service bids from a one (1) year period to a two (2) year period. NPRR157 was posted on September 23, 2008. On October 23, 2008, the Protocol Revision Subcommittee (PRS) unanimously voted to refer NPRR157 to the Transition Plan Task Force (TPTF) for consideration. The Cooperative Market Segment was not present for the vote. On March 19, 2009, PRS unanimously voted to recommend approval of NPRR157 as submitted. On April 23, 2009, PRS unanimously vote to forward the PRS Recommendation Report and Impact Analysis to TAC for approval. On May 7, 2009, TAC unanimously voted to recommend approval of NPRR157 as recommended by PRS. *Credit review is pending.*
- ***NPRR163 – Removal of Late Fee 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; existing business processes can accommodate this NPRR; no impact to grid operations and practices.*** This NPRR removes the concept of late fees calculated on all delinquent amounts. Section 9, Settlements and Billing, clearly states that late fees are only calculated on delinquent Day-Ahead Market (DAM), Real-Time Market (RTM) and RTM uplift amounts. The late payment fee

language in Section 16, Registration and Qualification of Market Participants, conflicts with late fee procedures detailed in Sections 9.4.5, Late Fees and Late Fee Invoices for the DAM, and 9.7.5, Late Fees and Late Fee Invoices for the RTM. NPRR163 was posted on November 11, 2008. On November 20, 2008, PRS unanimously voted to refer NPRR163 to TPTF for consideration. On March 19, 2009, PRS unanimously voted to recommend approval of NPRR163 as submitted. On April 23, 2009, PRS unanimously voted to forward the PRS Recommendation Report and Impact Analysis to TAC for approval. On May 7, 2009, TAC unanimously voted to recommend approval of NPRR163 as recommended by PRS. *Credit review is pending.*

- ***NPRR166 – Timing for Required Black Start Unit Load Carrying Test [ERCOT]. Proposed effective date: Upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT; no impact to ERCOT staffing; no impact to computer systems; existing business processes can accommodate this NPRR; no impact to grid operations and practices.* This NPRR synchronizes the Nodal Protocols with Protocol Revision Request (PRR) 785, Timing for Required Black Start Unit Load Carrying Test. This NPRR changes the required Black Start Unit Load Carrying Test from once every six (6) years to once every five (5) years. NPRR166 was posted on November 20, 2008. On December 18, 2008, PRS unanimously voted to refer NPRR166 to TPTF for review. The Independent Generator Market Segment was not present for the vote. On March 19, 2009, PRS unanimously voted to recommend approval of NPRR166 as submitted. On April 23, 2009, PRS unanimously voted to forward the PRS Recommendation Report and Impact Analysis to TAC for approval. On May 7, 2009, TAC unanimously voted to recommend approval of NPRR166 as recommended by PRS. *Credit review is pending.*
- ***NPRR167 – Options for Filing Verifiable Costs – QSEs or Resources [Verifiable Cost Working Group (VCWG)]. Proposed effective date: Upon Texas Nodal Market Implementation.*** *No incremental cost to ERCOT; no impact to ERCOT staffing; no impact to computer systems; existing business processes can accommodate this NPRR; no impact to grid operations and practices.* This NPRR allows either QSEs or Resource Entities (REs) to file verifiable costs. NPRR167 was posted on November 24, 2008. On December 18, 2008, PRS unanimously voted to refer NPRR167 to TPTF for review. On January 22, 2009, PRS unanimously voted to remand NPRR167 to the Wholesale Market Subcommittee (WMS). On March 19, 2009, PRS unanimously voted to approve NPRR167 as amended by WMS comments. On April 23, 2009, PRS unanimously vote to forward the PRS Recommendation Report and Impact Analysis to TAC for approval. On May 7, 2009, TAC unanimously voted to recommend approval of NPRR167 as recommended by PRS. *Credit review is pending.*

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 the NPRRs as described above.

Alternatives:

1. Approve the TAC recommendation on NPRR157, NPRR163, NPRR166 and/or NPRR167 as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation on NPRR157, NPRR163, NPRR166 and/or NPRR167;
3. Defer decision on the TAC recommendation on NPRR157, NPRR163, NPRR166 and/or NPRR167; or
4. Remand NPRR157, NPRR163, NPRR166 and/or NPRR167 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRR157, NPRR163, NPRR166 and NPRR167 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: NPRR157 – Extending Black Start Service Bid Timeline; NPRR163 – Removal of Late Fee Language; NPRR166 – Timing for Required Black Start Unit Load Carrying Test; and, NPRR167 – Options for Filing Verifiable Costs – QSEs or Resources.

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRR157, NPRR163, NPRR166 and NPRR167.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its May 20, 2009 meeting, the ERCOT Board of Directors 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