



Date: July 14, 2009
To: ERCOT Board of Directors
From: Mark Bruce, Technical Advisory Committee (TAC) Chair
Subject: ERCOT Planning Charter

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: July 21, 2009

Agenda Item No.: 11d

Issue:

TAC recommends the ERCOT Board of Directors approve version 3.1 of the ERCOT Regional Planning Group Charter and Procedures. TAC proposes amendments to Section 1.3.4 on page 6 and Section 2.1.1 on page 7 to require ERCOT to perform an independent economic analysis of the transmission projects associated with generation interconnection which are expected to cost at least \$25 million.

Background/History:

In January 2009, the ERCOT Board approved a series of revisions to the ERCOT Planning Charter but declined to approve a recommendation that generation interconnection facilities be precluded from ERCOT and Regional Planning Group review. Rather, the Board remanded the issue of treatment of generation interconnection facilities to TAC for further review.

The Wholesale Market Subcommittee (WMS) and the Reliability and Operations Subcommittee (ROS) reviewed the issue and developed a set of options for the treatment of transmission facilities associated with generation interconnection. While the TAC subcommittees were divided on the question whether ERCOT or market participants (through the Regional Planning Group) should perform an economic analysis of transmission facilities associated with generation interconnection, they did agree to recommend two procedural changes:

1. Require in the Generation Interconnection (GI) Procedure that the lead Transmission Service Provider (TSP) for the Full Interconnection Study (FIS) communicate to other TSPs when the FIS indicates that the direct interconnection facilities will cost more than \$50 million so the other TSPs will know to particularly focus on the FIS; and
2. The lead TSP for the GI FIS will communicate direct generation interconnection projects which cost more than \$50 million directly to the Regional Planning Group (RPG) once the Interconnection Agreement with the generator is signed. This communication is for informational purposes only. The RPG is not tasked to review the project.

In addition to the two procedural changes described above, TAC recommends the ERCOT Regional Planning Group Charter and Procedures be amended to require ERCOT perform an independent economic analysis of the transmission projects associated with generation interconnection which are expected to cost at least \$25 million. ERCOT will not recommend



approval or rejection of the facilities but the ERCOT independent analysis will be made available to market participants and policy makers along with related materials already made public once the generation interconnection agreement is signed.

The TAC recommendation was adopted with 21 votes in favor, 5 votes opposed (1 Municipal, 1 Independent Generator, 3 Independent Power Marketer) and 1 abstention (Investor Owned Utility).

Conclusion / Recommendation:

TAC recommends the ERCOT Board of Directors approved revisions to the ERCOT Regional Planning Charter and Procedures as described above.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to amend the ERCOT Regional Planning Group Charter and Procedures to provide for economic analysis of certain transmission facilities;

THEREFORE, BE IT RESOLVED, that the Board hereby approves the ERCOT Regional Planning Group Charter and Procedures version 3.1.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its July 21, 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