



**Date:** August 11, 2009  
**To:** ERCOT Board of Directors  
**From:** Mark Bruce, Technical Advisory Committee (TAC) Chair  
**Subject:** Protocol Revision Requests (PRRs)

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors (ERCOT Board) Meeting Date:** August 18, 2009

**Agenda Item No.:** 12a

**Issue:**

Consideration of the following PRRs:

- PRR787 – Add Non-Compliance Language to Qualified Scheduling Entity (QSE) Performance Standards (formerly “Add Violation Language to QSE Performance Standards”)
- PRR801 – Manual Transmission Congestion Rights (TCR) Adjustments
- PRR805 – Adding Provider of Last Resort (POLR) Customer Class and Advanced Metering System (AMS) Meter Flag to the Database Query Function on the Market Information System (MIS)
- PRR810 – Remove McCamey Congestion Management
- PRR814 – Nitrogen Oxide (NOx) Emissions Allowance Index Price – URGENT
- PRR816 – Closely Related Element (CRE) Determination Criteria – URGENT
- PRR819 – Changes to Support Revisions to the Public Utility Commission of Texas (PUCT) POLR and Expedited Switch Rules – URGENT
- PRR820 – Definition for Transmission and/or Distribution Service Provider – URGENT

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

- **PRR787 – Add Non-Compliance Language to QSE Performance Standards (formerly “Add Violation Language to QSE Performance Standards” [IPA].**

**Proposed Effective Date:** September 1, 2009.

**CEO Determination:** No opinion on whether or not PRR787 is necessary prior to the Texas Nodal Market Implementation Date (TNMID).

**ERCOT Impact Analysis:** No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this PRR; no impact to grid operations.

**Revision Description:** This PRR adds language to the Protocols that defines if and when a non-compliance event occurs in regards to QSE performance standards.

**Procedural History:** PRR787 was posted on December 3, 2008. On January 22, 2009, the Protocol Revision Subcommittee (PRS) unanimously voted to refer PRR787 to the Reliability and Operations Subcommittee (ROS). On February 19, 2009, PRS unanimously

voted to table PRR787 until the March 19, 2009 PRS meeting. On March 19, 2009, PRS unanimously voted to refer PRR787 to ROS with instructions to return to PRS in one (1) month. On April 23, 2009, PRS unanimously voted to refer PRR787 back to ROS. On May 21, 2009, PRS voted to recommend approval of PRR787 as amended by the May 19, 2009 ROS comments and as revised by PRS. There were three (3) abstentions from the Municipal, Independent Generator, and Consumer Market Segments. On June 18, 2009, PRS unanimously voted to recommend approval of PRR787 as amended by the June 17, 2009 Luminant comments, the June 8, 2009 Wind Coalition comments and as revised by PRS. On July 9, 2009, TAC unanimously voted to recommend approval of PRR787 as amended by the July 8, 2009 ERCOT comments.

- **PRR801 – Manual TCR Adjustments [ERCOT].**

**Proposed Effective Date:** September 1, 2009.

**CEO Determination:** No opinion on whether or not PRR801 is necessary prior to the TNMID.

**ERCOT Impact Analysis:** No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this PRR; no impact to grid operations.

**Revision Description:** This PRR revises Section 7.5.3.1, Annual and Monthly Auction Summary, to provide a description of the process used by ERCOT to achieve revenue neutrality in the monthly TCR auction.

**Procedural History:** PRR801 and its corresponding Impact Analysis were posted on February 9, 2009. On February 11, 2009, the motion to grant Urgent status failed via PRS email vote. On March 19, 2009, PRS unanimously voted to table PRR801. On April 23, 2009, PRS unanimously voted to recommend approval of PRR801 as amended by the Wholesale Market Subcommittee (WMS) comments. On May 21, 2009, PRS unanimously voted to endorse and forward the PRS Recommendation Report and Impact Analysis to TAC. On June 4, 2009, TAC unanimously voted to remand PRR801 to PRS to clarify revenue neutrality issues and for TAC to reconsider PRR801 after WMS has endorsed a procedure document. On June 18, 2009, PRS voted to recommend approval of PRR801 as amended by the June 17, 2009 WMS comments. There was one (1) opposing vote from the Independent Generator Market Segment and one (1) abstention from the Investor Owned Utility (IOU) Market Segment. On July 9, 2009, TAC voted to recommend approval of PRR801 as amended by ERCOT comments. There was one (1) opposing vote from the IOU Market Segment and one (1) abstention from the IOU Market Segment.

- **PRR805 – Adding POLR Customer Class and AMS Meter Flag to the Database Query Function on the MIS [Texas SET].**

**Proposed Effective Date:** Upon system implementation.

**CEO Determination:** No determination as PRR processed prior to CEO review procedure.

**ERCOT Impact Analysis:** \$50-100K budgetary impact; project required – estimated time requirement is 2-3 months; no additional full-time equivalents needed – resources involved in implementing PRR805 are actively engaged in the Nodal project; impacts to Texas Market Link (TML) (Retail Application), Information Services Master (ISM), TIBCO, and

Retail Application Programmatic Interface (API), Web Services, and Enterprise Information Services (EIS); no impact to existing business processes; no impact to grid operations.

**Revision Description:** This PRR will add POLR Customer class and the AMS meter flag to the database query function on the MIS.

**Procedural History:** PRR805 was posted on March 6, 2009. On April 23, 2009, PRS voted to recommend approval of PRR805 as submitted with one (1) abstention from the Independent Power Marketer (IPM) Market Segment. On May 21, 2009, PRS unanimously voted to endorse and forward the PRS Recommendation Report, Impact Analysis, and Cost Benefit Analysis to TAC and to recommend a priority of 2-High and a rank of 32. On June 4, 2009, TAC voted to recommend approval of PRR805 with priority of 2-High and a rank of 32 as recommended by PRS. There was one (1) abstention from the Independent Generator Market Segment. On July 21, 2009, the ERCOT Board remanded PRR805 to TAC. On August 6, 2009, TAC unanimously voted to recommend approval of PRR805 as revised by TAC.

- **PRR810 – Remove McCamey Congestion Management [Potomac].**

**Proposed Effective Date:** September 1, 2009.

**CEO Determination:** ERCOT CEO has no objection to PRR810 proceeding through the stakeholder process.

**ERCOT Impact Analysis:** No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes will be revised to implement this PRR; no impact to grid operations.

**Revision Description:** This PRR removes the unique congestion management procedures for the McCamey Area.

**Procedural History:** PRR810 was posted on April 1, 2009. On May 21, 2009, PRS voted to recommend approval of PRR810 as submitted. There was one (1) abstention from the Independent Retail Electric Provider (IREP) Market Segment. On June 18, 2009, PRS voted to endorse and forward the PRS Recommendation Report and Impact Analysis for PRR810 to TAC. There was one (1) opposing vote from the Independent Generator Market Segment. On July 9, 2009, TAC voted to recommend approval of PRR810 as recommended by PRS. There was one (1) abstention from the Independent Generator Market Segment.

- **PRR814 – NOx Emissions Allowance Index Price (NOxEAIP) [Luminant] – URGENT.**

**Proposed Effective Date:** September 1, 2009.

**CEO Determination:** No opinion on whether or not PRR814 is necessary prior to the TNMID.

**ERCOT Impact Analysis:** No budgetary impact – this PRR will be implemented as a manual process; no additional full-time equivalents needed; ERCOT does not anticipate any incremental staffing impacts if the number of verifiable cost disputes continue to remain at current levels - if the number of disputes increase significantly then ERCOT may have to revise its staffing impacts; no system changes required; existing business processes will be revised to accommodate this PRR; no impact to grid operations.

**Revision Description:** This PRR establishes a definition for NOx Emissions Allowance Index Price (NOxEAIP) that relies on a published cost index for NOx emissions allowances.

The PRR provides QSEs with an option to either provide detailed documentation of the actual cost of NOx emissions allowances as part of the verifiable cost process or to rely on the NOxEAIP. Specifically, this PRR allows QSEs to recover the cost of emissions allowances when providing Replacement Reserve, Out of Merit Capacity (OOMC) or Out of Merit Energy (OOME) Service as directed by ERCOT if the costs of those emissions allowances are less than 110% of the NOxEAIP. This is the same concept that is applied to the documentation requirements of natural gas prices and fuel oil prices for verifiable cost purposes. This PRR also adds language to clarify how QSEs can recover any emissions-related costs for both startup and operations when providing Replacement Reserve, OOMC or OOME Service.

**Procedural History:** PRR814 was posted on June 1, 2009. On June 3, 2009, the motion to grant Urgent status passed via PRS email vote. On June 18, 2009, PRS unanimously voted to table PRR814. On July 23, 2009, PRS unanimously voted to recommend approval of PRR814 as amended by the July 14, 2009 ERCOT comments. On August 6, 2009, TAC voted to recommend approval of PRR814 as recommended by PRS. There were four (4) opposing votes (Consumer) and five (5) abstentions (IREP – 4; Consumer – 1). *Credit review is pending.*

- **PRR816 – CRE Determination Criteria [Congestion Management Working Group (CMWG)] – URGENT.**

**Proposed Effective Date:** September 1, 2009.

**CEO Determination:** No opinion on whether or not PRR816 is necessary prior to the TNMID.

**ERCOT Impact Analysis:** No budgetary impact; no additional full-time equivalents needed; no system changes required; analysis of CREs will be a manual process – existing business processes will be revised to accommodate this PRR; better congestion management.

**Revision Description:** This PRR establishes a set of four criteria for determining if a candidate contingency/limiting element pair qualifies as a CRE.

**Procedural History:** PRR816 was posted on June 22, 2009. On June 24, 2009, the motion to grant Urgent status passed via PRS email vote. On July 23, 2009, PRS unanimously voted to recommend approval of PRR816 as amended by CMWG comments. The Consumer Market Segment was not present for the vote. On August 6, 2009, TAC voted to recommend approval of PRR816 as recommended by PRS. There was one (1) abstention from the IOU Market Segment.

- **PRR819 – Changes to Support Revisions to the PUCT POLR and Expedited Switch Rules [Texas SET Working Group] - URGENT.**

**Proposed Effective Date:** Upon ERCOT Board approval and system implementation (see TAC Recommendation Report for specific sections).

**CEO Determination:** Necessary prior to the TNMID.

**ERCOT Impact Analysis:** Requirements of PRR819 will be managed under Project 90024\_01: POLR Rule and Expedited Switch – project is budgeted in the \$500k to \$1M range and is currently in the planning phase; no additional full-time equivalents needed –

project team may augment internal resources with contractors for development and implementation; TIBCO, Siebel, PaperFree, ERCOT.com, Retail Testing Website, and Enterprise Information Services (EIS) will be impacted; business processes will be modified to implement this PRR; no impact on grid operations.

**Revision Description:** This PRR provides that ERCOT shall identify, for 60 days, Electric Service Identifiers (ESI IDs) acquired in a Mass Transition to a POLR so that Customers that switch from the POLR are not charged for an out-of-cycle meter read. This PRR also implements changes necessary to expedite the customer switching process.

**Procedural History:** PRR819 was posted on June 29, 2009. On July 1, 2009, the motion to grant PRR819 Urgent status failed via PRS email vote. On July 23, 2009, PRS unanimously voted to grant PRR819 Urgent status and to recommend approval of PRR819 as submitted with effective dates as recommended in the Retail Market Subcommittee (RMS) comments. On August 6, 2009, TAC unanimously voted to recommend approval of PRR819 as recommended by PRS.

- **PRR820 – Definition for Transmission and/or Distribution Service Provider [ERCOT] – URGENT.**

**Proposed Effective Date:** September 1, 2009.

**CEO Determination:** Necessary prior to the TNMID.

**ERCOT Impact Analysis:** No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this PRR; no impact to grid operations.

**Revision Description:** The PRR modifies the definition for Transmission and/ or Distribution Service Provider (TDSP) to include Entities that were selected to own and operate Transmission Facilities listed in the Public Utility Commission of Texas (PUCT) Order in Docket No. 35665, Commission Staff's Petition for the Selection of Entities Responsible for Transmission Improvements Necessary to Deliver Renewable Energy from Competitive Renewable Energy Zones.

**Procedural History:** PRR820 was posted on July 10, 2009. On July 15, 2009, the motion to grant PRR820 Urgent status passed via PRS email vote. On July 23, 2009, PRS unanimously voted to recommend approval of PRR820 as amended by CenterPoint Energy comments. On August 6, 2009, TAC unanimously voted to recommend approval of PRR820 as recommended by PRS.

The TAC Recommendation Reports, Impact Analyses, and CEO Determinations, if applicable, for these PRRs are included in the ERCOT Board meeting materials. In addition, these PRRs and supporting materials are posted on the ERCOT website at the following link: <http://www.ercot.com/mktrules/protocols/prr.html>.

**Key Factors Influencing Issue:**

The PRS met, discussed the issues and submitted recommendation reports to TAC regarding the PRRs described herein. TAC considered the issues and voted to take action on the PRRs as described above.

**Alternatives:**

1. Approve the TAC recommendation on PRRs 787, 810, 805, 810, 814, 816, 819 and/or 820 as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation on PRRs 787, 810, 805, 810, 814, 816, 819 and/or 820;
3. Defer decision on the merits of the TAC recommendation on PRRs 787, 810, 805, 810, 814, 816, 819 and/or 820; or
4. Remand PRRs 787, 810, 805, 810, 814, 816, 819 and/or 820 to TAC with instructions.

**Conclusion/Recommendation:**

As more specifically described above, TAC recommends that the ERCOT Board approve PRRs 787, 810, 805, 810, 814, 816, 819 and/or 820.



**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 Protocol Revision Requests (PRRs):

- PRR787 – Add Non-Compliance Language to Qualified Scheduling Entity (QSE) Performance Standards (formerly “Add Violation Language to QSE Performance Standards”)
- PRR801 – Manual Transmission Congestion Rights (TCR) Adjustments
- PRR805 – Adding Provider of Last Resort (POLR) Customer Class and Advanced Metering System (AMS) Meter Flag to the Database Query Function on the Market Information System (MIS)
- PRR810 – Remove McCamey Congestion Management
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- PRR816 – Closely Related Element (CRE) Determination Criteria – URGENT
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- PRR820 – Definition for Transmission and/or Distribution Service Provider – URGENT

THEREFORE be it RESOLVED, that the Board hereby approves PRR787, 810, 805, 810, 814, 816, 819 and/or 820.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its August 18, 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