



Date: October 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: October 20, 2009

Agenda Item No.: 12b

Issue:

Consideration of the following NPRRs:

- NPRR174 – Fuel Index Price (FIP) Modifications in Verifiable Startup and Minimum Energy Cost and Recovery of Exceptional Fuel Costs During Reliability Unit Commitment (RUC) Intervals
- NPRR189 – Ancillary Service Deployment Clarification
- NPRR191 – Synchronization of Protocol Revision Request (PRR) 819, Changes to Support Revisions to the Public Utility Commission of Texas (PUCT) Provider of Last Resort (POLR) and Expedited Switch Rules
- NPRR193 – Application of Nodal Implementation Surcharge in Verifiable Costs
- NPRR195 – Removal of McCamey Congestion Management from Nodal Protocols

Background/History:

Unless otherwise noted: (i) all Market Segments were present for each vote and (ii) ERCOT Credit Staff and the Credit Work Group (CWG) have reviewed the revision request and do not believe it requires changes to credit monitoring activity or the calculation of liability.

- **NPRR174 – FIP Modifications in Verifiable Startup and Minimum Energy Cost and Recovery of Exceptional Fuel Costs During RUC Intervals [WMS].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

Chief Executive Officer (CEO) Determination: No opinion on whether or not NPRR174 is necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No cost impact; no ERCOT staffing impacts; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impact to ERCOT grid operations and practices.

Revision Description: This NPRR modifies the verifiable Startup Cost and verifiable minimum energy cost calculation to include a \$0.50 adder for the FIP. This NPRR also allows through the dispute process for the recovery of the difference between the RUC Guarantee based on the actual price paid for delivered natural gas and a fuel price of $FIP \times 1.X$.

Procedural History: NPRR174 was posted on April 14, 2009. On April 23, 2009 the Protocol Revision Subcommittee (PRS) voted to refer NPRR174 to the Wholesale Market Subcommittee (WMS) for further discussion on how to settle the disputed charges with one

(1) abstention from the Independent Retail Electric Provider (IREP) Market Segment. On June 18, 2009 PRS unanimously voted to recommend approval of NPRR174 as submitted. On July 23, 2009 PRS unanimously voted to endorse and forward the PRS Recommendation Report and Impact Analysis for NPRR174 to TAC. On August 6, 2009 TAC unanimously voted to table NPRR174. On September 3, 2009 TAC unanimously voted to table NPRR174 for one (1) month. On October 1, 2009 a motion to reject NPRR174 failed with five (5) votes in favor from the Consumer [three (3)] and IREP [two (2)] Market Segments and one (1) abstention from the IREP Market Segment. The remaining TAC votes were in opposition to the motion. TAC then voted to recommend approval of NPRR174 as amended by the September 2, 2009 NRG Texas Power and City of Eastland comments. There were two (2) abstentions from the Consumer and IREP Market Segments.

- **NPRR189 – Ancillary Service Deployment Clarification [ERCOT].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: Necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No budgetary impact; no staffing impacts; no system changes required; no impacts to business functions; no impact to grid operations and practices.

Revision Description: This NPRR clarifies the difference between Ancillary Service capacity deployment and energy deployment and how it affects Security Constrained Economic Dispatch (SCED).

Procedural History: NPRR189 was posted on July 24, 2009. On August 25, 2009 PRS unanimously voted to recommend approval of NPRR189 as submitted. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report as amended by the September 17, 2009 ERCOT comments and Impact Analysis for NPRR189 to TAC. On October 1, 2009 TAC unanimously voted to recommend approval of NPRR189 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.

- **NPRR191 – Synchronization of PRR819, Changes to Support Revisions to the PUCT POLR and Expedited Switch Rules [TX SET].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: Necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No budgetary impact; no staffing impacts; no system changes required; no impacts to business functions; no impact to grid operations and practices.

Revision Description: This NPRR synchronizes the Nodal Protocols with PRR819 which 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 and it will also implement changes necessary to expedite the customer switching process.

Procedural History: NPRR191 was posted on July 30, 2009. On August 25, 2009 PRS unanimously voted to recommend approval of NPRR191 as submitted. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report and Impact Analysis for NPRR191 to TAC. On October 1, 2009

TAC unanimously voted to recommend approval of NPRR191 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.

- **NPRR193 – Application of Nodal Implementation Surcharge in Verifiable Costs [WMS].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: No opinion on whether or not NPRR193 is necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No budgetary impact; no additional full time equivalents needed; no system changes required; existing business functions can accommodate this revision request; no impact to grid operations and practices.

Revision Description: This NPRR allows Resources to include in their verifiable costs the Nodal Implementation Surcharge for periods while ramping up from breaker close to Low Sustained Limit (LSL).

Procedural History: NPRR193 was posted on August 17, 2009. On August 25, 2009 PRS unanimously voted to recommend approval of NPRR193 as submitted. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report and Impact Analysis for NPRR193 to TAC. On October 1, 2009 TAC unanimously voted to recommend approval of NPRR193 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.

- **NPRR195 – Removal of McCamey Congestion Management from Nodal Protocols [ERCOT].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: Necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No budgetary impact; no staffing impacts; no system changes required; no impacts to business functions; no impact to grid operations and practices.

Revision Description: This NPRR removes the unique congestion management procedures for the McCamey Area from the Nodal Protocols, consistent with zonal Protocol revisions made pursuant to PRR810, Remove McCamey Congestion Management, which was approved by the ERCOT Board on August 18, 2009. This NPRR removes all mention of McCamey Flowgate Rights (MCFRIs) while leaving intact the description of Flowgate Rights (FGRs) and related Settlement equations.

Procedural History: NPRR195 was posted on August 19, 2009. On August 25, 2009 PRS unanimously voted to recommend approval of NPRR195 as submitted. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report and Impact Analysis for NPRR195 to TAC. On October 1, 2009 TAC voted to recommend approval of NPRR195 as recommended by PRS in the September 17, 2009 PRS Recommendation Report with one (1) abstention from the Independent Generator Market Segment.

The TAC Recommendation Reports, Impact Analyses, and CEO Revision Request Reviews 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/ind.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 NPRRs 174, 189, 191, 193, and/or 195 as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation on NPRRs 174, 189, 191, 193, and/or 195;
3. Defer decision on the TAC recommendation on NPRRs 174, 189, 191, 193, and/or 195; or
4. Remand NPRRs 174, 189, 191, 193, and/or 195 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 174, 189, 191, 193, and 195 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 the following NPRRs:

- NPRR174 – FIP Modifications in Verifiable Startup and Minimum Energy Cost and Recovery of Exceptional Fuel Costs During RUC Intervals
- NPRR189 – Ancillary Service Deployment Clarification
- NPRR191 – Synchronization of PRR819, Changes to Support Revisions to the PUCT POLR and Expedited Switch Rules
- NPRR193 – Application of Nodal Implementation Surcharge in Verifiable Costs
- NPRR195 – Removal of McCamey Congestion Management from Nodal Protocols

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRRs 174, 189, 191, 193, and 195.

CORPORATE SECRETARY'S CERTIFICATE

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