



Date: October 13, 2009
To: ERCOT Board of Directors
From: Mark Bruce, Technical Advisory Committee (TAC) Chair
Subject: 2010 Closely Related Elements (CREs) and Boundary Generation Resources

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: October 20, 2009

Agenda Item No.: 12c

Issue:

Designation of 2010 CREs and Boundary Generation Resources in the ERCOT transmission system as they relate to Commercially Significant Constraints (CSCs) and Congestion Zones.

Background/History:

Protocol Section 7.2, CSC Zone Determination Process, requires that by November 1 of each year, the appropriate ERCOT subcommittee will report to the TAC and ERCOT Board with recommended CSC designations, resulting Congestion Zone boundaries with any granted exemptions noted, CRE designations and associated Boundary Generation Resources for ERCOT Board review and approval.

At its September 15, 2009 meeting, the ERCOT Board approved the 2010 CSCs. ERCOT Staff then performed the analysis as prescribed in Protocol Section 7.2.3, Determining CREs, to identify the appropriate CREs and presented the results to the Wholesale Market Subcommittee (WMS).

On September 21, 2009 WMS considered the list of proposed CREs. WMS revised the list of CREs to include the addition of the following lines:

- Rothwood to King
- Rothwood to Kuykendahl
- Jewett #2 to Singleton, and
- Fisher Road to Oklaunion.

A motion was made to recommend approval of the 2010 CREs as revised by WMS. A motion to amend the main motion by removing Tradinghouse to LakeCreek from the recommended CRE list failed with two (2) votes in favor from the Investor Owned Utility (IOU) and Consumer Market Segments, fourteen (14) opposing votes from the Municipal [two (2)], Cooperative, Independent Generator [four (4)], Independent Power Marketer (IPM) [three (3)], Independent Retail Electric Provider (IREP), IOU [two (2)] and Consumer Market Segments and one (1) abstention from the IOU Market Segment. The main motion which was to recommend approval of the 2010 CREs as revised by WMS (including Tradinghouse to Lake Creek) passed with one (1) abstention from the Cooperative Market Segment. All Market



Segments were present for both votes. Materials reviewed at the WMS meeting can be found in the key documents at the following link on the ERCOT website: <http://www.ercot.com/calendar/2009/09/20090921-WMSSpecial>.

Additionally, on September 29, 2009 WMS conducted an email vote to consider whether a list of Boundary Generation Resources should be included with the 2010 CRE recommendation. Previously, the ERCOT Board approved on March 17, 2009, PRR784, Delete Use of Boundary Generation Resources to Resolve CRE Congestion. However, current Protocol Section 7.2 as noted above still requires the Board to approve associated Boundary Generation Resources in the CSC/CRE process. The WMS motion to recommend to TAC that given the intent of PRR784 to remove the language regarding the resolution of Congestion on a CRE by Boundary Generation Resources, that there is no list of associated Boundary Generation Resources for ERCOT Board review and approval in relation to the 2010 CREs passed with one abstention from the IOU Market Segment. All Market Segments were represented in the vote.

At its October 1, 2009 meeting TAC reviewed the WMS recommendation. A motion to endorse the WMS recommendation for the list of 2010 CREs (which includes no list of associated Boundary Generation Resources) passed unanimously with all Market Segments represented.

Attachment A includes the list of recommended CREs.

Key Factors Influencing Issue:

Protocol Section 7.2 requires that by November 1 of each year, the appropriate ERCOT subcommittee will report to the TAC and ERCOT Board with recommended CSC designations, resulting Congestion Zone boundaries with any granted exemptions noted, CRE designations and associated Boundary Generation Resources for ERCOT Board review and approval. TAC met and discussed the WMS recommendation for the 2010 CREs and recommends Board approval of the 2010 CREs as described in Attachment A and that there will be no associated list of Boundary Generation Resources for 2010.

Alternatives:

1. Approve the TAC recommendation regarding 2010 CREs and Boundary Generators as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation;
3. Defer decision on the TAC recommendation; or
4. Remand to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the Board approve the 2010 CREs (which includes no list of associated Boundary Generation Resources) as stated in Attachment A.



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

WHEREAS, Protocol Section 7.2, CSC Zone Determination Process, requires that by November 1 of each year, the appropriate ERCOT subcommittee will report to the TAC and ERCOT Board with recommended Commercially Significant Constraint (CSC) designations, resulting Congestion Zone boundaries with any granted exemptions noted, Closely Related Element (CRE) designations and associated Boundary Generation Resources for ERCOT Board review and approval, and

WHEREAS, on October 1, 2009, the TAC considered the WMS recommendation for the 2010 CREs and voted to recommend approval by the Board of the WMS recommendation, and

WHEREAS, the Board deems it desirable and in ERCOT's best interest to approve the recommended list of CREs for 2010.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the list of CREs included in Attachment A for 2010.

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