



Date: January 12, 2010
To: ERCOT Board of Directors
From: Brad Jones, 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: January 19, 2010

Agenda Item No.: 13b

Issue:

Consideration of the following NPRRs:

- NPRR131 – Ancillary Service Trades with ERCOT
- NPRR153 – Generation Resource Fixed Quantity Block
- NPRR164 – Resubmitting Ancillary Service Offers in the Supplementary Ancillary Service Market (SASM)
- NPRR169 – Clarify the Calculation and Posting of Locational Marginal Prices (LMPs) for the Load Zone and LMPs for each Hub
- NPRR181 – Fuel Index Price (FIP) Definition Revision
- NPRR194 – Synchronization of Zonal Unannounced Generation Capacity Testing Process
- NPRR197 – Section 21, Synchronization of Zonal Protocols
- NPRR202 – Clarification of Network Operations Model and State Estimator Postings

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.

- **NPRR131 – Ancillary Service Trades with ERCOT [NRG Texas].**
Proposed Effective Date: Post Texas Nodal Market Implementation Date.
CEO Determination: Not necessary prior to the Texas Nodal Market Implementation Date.
ERCOT Impact Analysis: To be determined – Due to “Not Needed for Go-Live” designation by the ERCOT CEO, the Impact Analysis for this item will be conducted at a future date.
Revision Description: In today’s zonal market, Resource Entities can, if they choose, procure Ancillary Services from ERCOT. This functionality was omitted in the Nodal Market design. Currently, the Nodal Market design only allows Qualified Scheduling Entities (QSEs) with Ancillary Service Obligations the option in the Day-Ahead Market (DAM) of either: 1) self-providing, or 2) procuring all or a portion of their obligation from ERCOT. This NPRR would allow QSEs with Ancillary Services responsibilities, i.e., Resource Entities, the same functionality.
Procedural History: NPRR131 was posted on May 15, 2008. On May 22, 2008, the Protocol Revision Subcommittee (PRS) unanimously voted to refer NPRR131 to the Transition Plan Task Force (TPTF). On June 19, 2008, PRS voted to recommend approval

of NPRR131 as amended by TPTF comments. The motion passed with two (2) abstentions from the Consumer and Independent Retail Electric Provider (IREP) Market Segments. On July 17, 2008, PRS unanimously voted to table consideration of NPRR131, pending the development of the Impact Analysis. On September 24, 2008, PRS unanimously voted to table consideration of NPRR131, pending the development of the Impact Analysis. On November 19, 2009, PRS unanimously voted to table NPRR131. On December 17, 2009, PRS unanimously voted to endorse and forward to TAC the June 19, 2008 PRS Recommendation Report for NPRR131 as amended by the December 8, 2009 ERCOT comments and as revised by PRS. PRS also unanimously voted to recommend a priority of High for NPRR131. On January 6, 2010, TAC voted to recommend approval of NPRR131 as recommended by PRS in the December 17, 2009 PRS Recommendation Report with one (1) abstention from the Independent Power Marketer (IPM) Market Segment.

- **NPRR153 – Generation Resource Fixed Quantity Block [TPTF].**

Proposed Effective Date: Post Texas Nodal Market Implementation Date.

CEO Determination: Not necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: To be determined – Due to “Not Needed for Go-Live” designation by the ERCOT CEO, the Impact Analysis for this item will be conducted at a future date.

Revision Description: This NPRR revises existing Ancillary Service (AS) Offer criteria to provide for offers of Non-Spinning Reserve (Non-Spin) service in fixed quantity and time blocks from Off-Line Generation Resources similar to that for Load Resources.

Procedural History: NPRR153 was posted on September 12, 2008. On October 23, 2008, PRS unanimously voted to recommend approval of NPRR153 as submitted. The Cooperative Market Segment was not present for the vote. On November 20, 2008, PRS unanimously voted to table NPRR153 pending the development of an Impact Analysis. All Market Segments were present for the vote. On November 19, 2009, PRS unanimously voted to endorse and forward the October 23, 2008 PRS Recommendation Report for NPRR153 to TAC with a priority of Medium and rank of 2. On December 3, 2009, TAC unanimously voted to table NPRR153 for one (1) month. On January 6, 2010, TAC unanimously voted to recommend approval of NPRR153 as recommended by PRS in the November 19, 2009 PRS Recommendation Report and with a priority of Medium.

- **NPRR164 – Resubmitting Ancillary Service Offers in SASM [TPTF].**

Proposed Effective Date: Post Texas Nodal Market Implementation Date.

CEO Determination: Not necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: To be determined – Due to “Not Needed for Go-Live” designation by the ERCOT CEO, the Impact Analysis for this item will be conducted at a future date.

Revision Description: This NPRR revises existing rules for resubmitting AS offers in the Adjustment Period to provide for resubmitting those AS offers not awarded in the previous markets at the higher of the DAM Market Clearing Price for Capacity (MCPC) for the corresponding AS or the Resource’s offer price for the corresponding AS in the DAM.

Procedural History: NPRR164 was posted on November 12, 2008. On November 20,

2008, PRS unanimously voted to recommend approval of NPRR164 as submitted. On December 18, 2008, PRS unanimously voted to table NPRR164 until the special January 8, 2009 PRS meeting. On January 22, 2009, PRS unanimously voted to table NPRR164. On November 19, 2009, PRS unanimously voted to endorse and forward the November 20, 2008 PRS Recommendation Report for NPRR164 to TAC with a priority of Medium and rank of 2. On December 3, 2009, TAC unanimously voted to table NPRR164 for one (1) month. On January 6, 2010, TAC unanimously voted to recommend approval of NPRR164 as recommended by PRS in the November 19, 2009 PRS Recommendation Report and with a priority of Medium.

- **NPRR169 – Clarify the Calculation and Posting of LMPs for the Load Zone and LMPs for each Hub [TPTF].**

Proposed Effective Date: Post Texas Nodal Market Implementation Date.

CEO Determination: Not necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: To be determined – Due to “Not Needed for Go-Live” designation by the ERCOT CEO, the Impact Analysis for this item will be conducted at a future date.

Revision Description: This NPRR Clarifies language that specifies the calculation and posting of LMPs for the Load Zone and “LMPs for each Hub.”

Procedural History: NPRR169 was posted on December 16, 2008. On December 18, 2008, PRS unanimously voted to waive notice to consider NPRR169. Then, PRS unanimously voted to recommend approval of NPRR169 as amended by the December 16, 2008 CPS Energy comments and as revised by PRS. The Independent Generator Market Segment was not present for the vote. On January 22, 2009, PRS unanimously voted to table NPRR169. On November 19, 2009, PRS unanimously voted to endorse and forward the December 18, 2008 PRS Recommendation Report for NPRR169 to TAC with a priority of High/Medium and rank of 1. On December 3, 2009, TAC unanimously voted to change the priority for NPRR169 to High and to table NPRR169 for one (1) month. On January 6, 2010, TAC unanimously voted to recommend approval of NPRR169 as recommended by PRS in the November 19, 2009 PRS Recommendation Report and with a priority of High.

- **NPRR181 – FIP Definition Revision [Luminant].**

Proposed Effective Date: Post Texas Nodal Market Implementation Date.

CEO Determination: Not necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: To be determined – Due to “Not Needed for Go-Live” designation by the ERCOT CEO, the Impact Analysis for this item will be conducted at a future date.

Revision Description: This NPRR revises the definition of FIP to correctly account for the timing difference between ERCOT’s application of the FIP in its systems (midnight to midnight) and the timing of natural gas prices reflected by the index (i.e., hour ending 1000 to 0900). The fuel price index published in Gas Daily, in the Daily Price Survey, under the heading “East-Houston-Katy, Houston Ship Channel” for any particular day reflects natural gas prices available to users from hour ending 1000 of the particular day to hour ending 0900 of the next day (i.e., the normal “gas day”). This NPRR also adds a new definition for

the term “Gas Day.”

Procedural History: NPRR181 was posted on June 10, 2009. On June 18, 2009, PRS unanimously voted to table NPRR181 until the “parking deck” issue for NPRRs determined not to be necessary prior to the Texas Nodal Market Implementation Date is resolved. On November 19, 2009, PRS unanimously voted to table NPRR181 for one (1) month. On December 17, 2009, PRS unanimously voted to recommend approval of NPRR181 as submitted. PRS also unanimously voted to recommend a priority of High and to forward NPRR181 to TAC. On January 6, 2010, TAC unanimously voted to recommend approval of NPRR181 as recommended by PRS in the December 17, 2009 PRS Recommendation Report.

- **NPRR194 – Synchronization of Zonal Unannounced Generation Capacity Testing Process [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 ERCOT staffing impacts; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR replaces the seasonal testing requirement with unannounced Generation Resource testing and adds a requirement for QSEs to seasonally update their Resources’ High Sustainable Limits (HSLs). The NPRR also leverages existing emergency operations Settlement functionality to provide a mechanism to compensate a Generation Resource for the additional energy above the pre-test Security-Constrained Economic Dispatch (SCED) Base Point during the unannounced Generation Resource test period. This NPRR synchronizes the Nodal Protocols with the process added to the zonal Protocols pursuant to PRR750, Unannounced Generation Capacity Testing.

Procedural History: NPRR194 was posted on August 18, 2009. On August 25, 2009, PRS unanimously voted to refer NPRR194 to the Reliability and Operations Subcommittee (ROS). On October 22, 2009, PRS unanimously voted to table NPRR194 for one (1) month. On November 19, 2009, PRS unanimously voted to recommend approval of NPRR194 as revised by the November 17, 2009 Luminant comments and as revised by PRS. On December 17, 2009, PRS unanimously voted to forward the November 19, 2009 PRS Recommendation Report and Impact Analysis for NPRR194 to TAC. On January 6, 2010, TAC unanimously voted to recommend approval of NPRR194 as recommended in December 17, 2009 PRS Recommendation Report.

- **NPRR197 – Section 21, Synchronization of Zonal 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 ERCOT staffing impacts; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR synchronizes zonal Protocol Section 21 with the current Nodal Protocols and includes changes from PRR821, Update of Section 21, Process for

Protocol Revision.

Procedural History: NPRR197 was posted on October 30, 2009. On November 19, 2009, PRS unanimously voted to recommend approval of NPRR197 as submitted. On December 17, 2009, PRS unanimously voted to forward the November 19, 2009 PRS Recommendation Report as amended by the December 10, 2009 ERCOT Comments and the Impact Analysis to TAC. On January 6, 2010, TAC unanimously voted to recommend approval of NPRR197 as recommended in December 17, 2009 PRS Recommendation Report.

- **NPRR202 – Clarification of Network Operations Model and State Estimator Postings [NATF].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: The ERCOT CEO has determined that the NPRR202 should proceed through the stakeholder review process.

ERCOT Impact Analysis: Budgetary impact of \$100 to \$250k; estimated three to six months to implement; no ERCOT staffing impacts; impacts to the following ERCOT computer systems: the Network Model Management System, Current-Day Reports, Enterprise Integration System, Market Information Distribution, Market Information Repository, Enterprise Data Warehouse, and Market Information System; current ERCOT business processes will be modified to accommodate the NPRR; no impact to ERCOT grid operations and practices.

Revision Description: This NPRR addresses the confidentiality of data in the Network Operations Model and Hourly State Estimator report. The language introduces a newly defined term for redacted-version of the Network Operations Model for non-Transmission Service Providers (TSPs) and also removes Private Use Network data from the Hourly State Estimator report.

Procedural History: NPRR202 was posted on December 10, 2009. On December 17, 2009, PRS voted via roll call vote to recommend approval of NPRR202 as revised by PRS and to forward to TAC. On January 6, 2010, TAC voted via roll call vote to recommend approval of NPRR202 as recommended by PRS in the December 17, 2009 PRS Recommendation Report and as revised by TAC.

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/index.html>.

Key Factors Influencing Issue:

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 131, 153, 164, 169, 181, 194, 197 and/or 202



as described above or as modified by the ERCOT Board;

2. Reject the TAC recommendation on NPRRs 131, 153, 164, 169, 181, 194, 197 and/or 202;
3. Defer decision on the TAC recommendation on NPRRs 131, 153, 164, 169, 181, 194, 197 and/or 202; or
4. Remand NPRRs 131, 153, 164, 169, 181, 194, 197 and/or 202 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 131, 153, 164, 169, 181, 194, 197 and/or 202 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:

- NPRR131 – Ancillary Service Trades with ERCOT
- NPRR153 – Generation Resource Fixed Quantity Block
- NPRR164 – Resubmitting Ancillary Service Offers in the Supplementary Ancillary Service Market (SASM)
- NPRR169 – Clarify the Calculation and Posting of Locational Marginal Prices (LMPs) for the Load Zone and LMPs for each Hub
- NPRR181 – Fuel Index Price (FIP) Definition Revision
- NPRR194 – Synchronization of Zonal Unannounced Generation Capacity Testing Process
- NPRR197 – Section 21, Synchronization of Zonal Protocols
- NPRR202 – Clarification of Network Operations Model and State Estimator Postings

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRRs 131, 153, 164, 169, 181, 194, 197 and 202.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its January 19, 2010 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 _____, 2010.

Michael G. Grable
Corporate Secretary