Date: August 10, 2010
To: Board of Directors
From: Brad Jones, Technical Advisory Committee (TAC) Chair
Subject: Outage Scheduler Go-Live – TAC Certification

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: August 17, 2010
Agenda Item No.: 13b

Issue:
ERCOT Board approval is sought to certify that all Market Readiness Criteria have been met for Outage Scheduler go-live on November 1, 2010.

Background/History:
Zonal Protocol Section 21.12.3, Notice to Market Participants of Effective Date for Nodal Protocol Provisions and Retirement of Zonal Protocol Provision, states the following:

> No part of the nodal market design may start operation until all the Market Readiness Criteria for that part of the nodal market design have been met. Certification that all Market Readiness Criteria have been met must be made at least by each of the following: the Technical Advisory Committee (TAC), ERCOT and the ERCOT Board.

Certain provisions of the Nodal Protocols must be effectuated in advance of the operating day to be prepared for full market operation on December 1, 2010.

Key Factors Influencing Issue:
ERCOT reviewed the readiness criteria at the July 8, 2010 Nodal Advisory Task Force (NATF) meeting and NATF voted to recommend to TAC that the Outage Scheduler readiness criteria have been met. There were two abstentions from the Consumer Market Segment and the Independent Power Marketer Market Segment was not present for the vote. ERCOT staff provided its Section 21.12.3 certification document, attached hereto as Exhibit A, to TAC prior to TAC's consideration of this issue and on August 5, 2010 TAC voted unanimously on a resolution, attached hereto as Exhibit B, to certify that all Market Readiness Criteria have been met for purposes of Section 21.12.3 regarding Outage Scheduler on November 1, 2010.

Alternatives:
1. Certify ERCOT and Market Participant readiness to implement the Outage Scheduler functionality; or
2. Do not certify ERCOT and Market Participant readiness to implement the Outage Scheduler functionality and instruct ERCOT Staff and TAC complete readiness activities and develop a revised Outage Scheduler go-live schedule.

Conclusion/Recommendation:
TAC recommends ERCOT Board certification that Market Readiness Criteria has been met for the planned November 1, 2010 Outage Scheduler go-live.

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

WHEREAS, ERCOT Protocol Section 21.12.3, Notice to Market Participants of Effective Date for Nodal Protocol Provisions and Retirement of Zonal Protocol Provisions, provides that before a "part of the nodal market design may start operation," a vote of the Electric Reliability Council of Texas, Inc. (ERCOT) Board of Directors is required affirming that the "Market Readiness Criteria for that part of the nodal market design have been met";

WHEREAS, the Section 21.12.3 certification by the Technical Advisory Committee (TAC), ERCOT staff, and the ERCOT Board of Directors regarding the satisfaction of "Market Readiness Criteria" for a particular part of the nodal market design will result in ERCOT issuing "two Notices alerting Market Participants to the effective date of Nodal Protocol sections and the retirement of Zonal Protocol sections, as applicable";

WHEREAS, the Protocols do not define the term "Market Readiness Criteria," and ERCOT, in conjunction with Market Participants, has developed specific metrics and a Nodal Readiness Scorecard that are used to determine the progress of specific parts of the nodal market design in meeting the criteria necessary for implementing the Nodal Protocols and starting operations;

WHEREAS, the members of the ERCOT Board of Directors recognize that there are issues that remain to be addressed regarding the implementation and operation of the Outage Scheduler before the Texas Nodal Market Implementation Date (TNMID), but that none of those issues should prevent the Outage Scheduler Go-Live on November 1, 2010, which is an integral occurrence in the progress toward meeting the TNMID on schedule;

WHEREAS, the ERCOT Board of Directors has reviewed the market readiness metrics documentation that ERCOT staff has executed regarding the Outage Scheduler part of the nodal market design, and has reviewed ERCOT staff's conclusion that the Outage Scheduler has satisfied all of the steps necessary to make the declaration of market readiness required by Section 21.12.3, in order to authorize Outage Scheduler Go-Live on November 1, 2010;

WHEREAS, ERCOT staff provided its Section 21.12.3 certification document, attached hereto as Exhibit A, to TAC prior to TAC's consideration of this issue and on August 5, 2010 TAC voted unanimously on a similar resolution, attached hereto as Exhibit B, to certify that all Market Readiness Criteria have been met for purposes of Section 21.12.3 regarding Outage Scheduler on November 1, 2010;

THEREFORE be it RESOLVED, that this Resolution shall serve as the ERCOT Board of Directors certification that all Market Readiness Criteria have been met, for purposes of ERCOT Protocol Section 21.12.3, regarding Outage Scheduler Go-Live on November 1, 2010.

FURTHERMORE, the ERCOT Board of Directors directs that status updates regarding outstanding issues be provided at future ERCOT Board of Directors meetings.

CORPORATE SECRETARY'S CERTIFICATE

I, Bill Magness, Interim Corporate Secretary of ERCOT, do hereby certify that, at its August 17, 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 August, 2010.

_____
Bill Magness
Interim Corporate Secretary