**DRAFT**

**Minutes of the Technical Advisory Committee (TAC) Meeting**

**ERCOT Austin – 7620 Metro Center Drive – Austin, Texas 78744**

**Thursday, August 5, 2010 – 9:30 a.m.**

Attendance

Members:

|  |  |  |
| --- | --- | --- |
| Ashley, Kristy | Exelon Generation |  |
| Bevill, Jennifer | AEP Service Corporation | Alt. Rep. for R. Ross |
| Bevill, Rob | Green Mountain Energy Company |  |
| Bivens, Danny | OPUC |  |
| Boyd, Phillip | City of Lewisville |  |
| Brandt, Adrianne | Austin Energy |  |
| Brewster, Chris | City of Eastland |  |
| Burke, Tom | Brazos Electric Power Cooperative | Alt. Rep. for H. Lenox |
| Cochran, Seth | Sempra Energy Trading |  |
| Comstock, Read | Direct Energy |  |
| Emery, Keith | Tenaska Power Services |  |
| Gedrich, Brian | NextEra Energy Resources | Alt. Rep. for M. Bruce |
| Greer, Clayton | Morgan Stanley |  |
| Gresham, Kevin | E.ON Climate and Renewables |  |
| Grubbs, David | Garland Power and Light |  |
| Houston, John | CenterPoint Energy |  |
| Johnson, Stephen | First Choice Power | Alt. Rep. for C. Tessler |
| Jones, Brad | Luminant Energy |  |
| Lewis, William | Cirro Group |  |
| Madden, Steve | StarTex Power |  |
| McCann, James | Brownsville PUB |  |
| Morris, Sandy | LCRA |  |
| Ögelman, Kenan | CPS Energy |  |
| Pieniazek, Adrian | NRG Texas |  |
| Seymour, Cesar | SUEZ |  |
| Smith, Bill | Air Liquide |  |
| Wittmeyer, Bob | Consumer – Residential |  |
| Zimmerman, Mark | Chaparral Steel Midlothian |  |

The following proxies were assigned:

* Adrian Pieniazek to Cesar Seymour (afternoon only)
* John Sims to Hugh Lenox
* Henry Wood to Sandra Morris

Guests:

|  |  |  |
| --- | --- | --- |
| Blackburn, Don | Luminant |  |
| Blakey, Eric | TXU Energy |  |
| Daniels, Howard | CNP |  |
| Escamilla, José | CPS Energy |  |
| Goff, Eric | Reliant |  |
| Grimes, Mike | Horizon Wind Energy |  |
| Hampton, Brenda | Luminant |  |
| Hellinghausen, Bill | EDF Trading |  |
| Jones, Dan | Potomac Economics |  |
| Jones, Randy | Calpine |  |
| Lokey, David | Oncor |  |
| McKeever, Debbie | Oncor |  |
| Oehler, Melissa | PUCT |  |
| Owens, Frank | TMPA |  |
| Patrick, Kyle | Reliant Energy |  |
| Quinn, Michael | Oncor |  |
| Reid, Walter | Wind Coalition |  |
| Richard, Naomi | LCRA |  |
| Rowe, Evan | PUCT |  |
| Schwarz, Brad | E.ON Climate and Renewables |  |
| Scott, Kathy | CenterPoint Energy |  |
| Siddiqi, Shams | LCRA |  |
| Soutter, Mark | Invenergy |  |
| Trout, Seth | Customized Energy Solutions |  |
| Wagner, Marguerite | PSEG Texas |  |
| Walker, DeAnn | CenterPoint Energy |  |

ERCOT-ISO Staff:

|  |  |  |
| --- | --- | --- |
| Albracht, Brittney |  |  |
| Bohart, Jim |  |  |
| Boren, Ann |  |  |
| Cleary, Mike |  |  |
| Day, Betty |  |  |
| Hobbs, Kristi |  |  |
| Iacobucci, Jason |  |  |
| Ragsdale, Kenneth |  |  |

***Unless otherwise indicated, all Market Segments were present for a vote.***

TAC Chair Brad Jones called the meeting to order at 9:35 a.m. and reviewed assigned proxies and Alternate Representatives. Mr. B. Jones reminded Market Participants to identify themselves and the organization they represent when taking the floor.

Antitrust Admonition

Mr. B. Jones directed attention to the Antitrust Admonition, which was displayed. A copy of the Antitrust Guidelines was available for review.

ERCOT Board Update (see Key Documents)[[1]](#footnote-1)

*Protocol Revision Request (PRR) 846, Deadlines for Initiating Alternative Dispute Resolution*

*Nodal Protocol Revision Request (NPRR) 213, Deadlines for Initiating Alternative Dispute Resolution*

Mr. B. Jones reported that the ERCOT Board remanded PRR846 and NPRR213 to TAC, and that ERCOT Staff raised concerns at the July 20, 2010 ERCOT Board meeting regarding two separate sets of requirements for handling Alternative Dispute Resolutions (ADRs). Mr. B. Jones recommended tabling PRR846 and NPRR213 to allow ERCOT Staff and the items’ sponsor time to discuss the ADR process timeline.

**Adrian Pieniazek moved to table PRR846 and NPRR213. Mr. Brewster seconded the motion.** Clayton Greer asked if any current disputes would be adversely affected by tabling the items. Mike Grimes and Kristi Hobbs offered that tabling the items would be acceptable. **The motion carried unanimously.**

*PRR847, Additional Exemptions for Uninstructed Resource Charge*

Mr. B. Jones noted that the ERCOT Board requested clarification of language regarding Verbal Dispatch Instructions (VDIs). Kenan Ögelman explained the concern was that a VDI would be given, forcing a unit to deviate from its Uninstructed Resource Charge (URC) calculation, and that the unit would not return to following dispatch instructions after the VDI is expired. Market Participants discussed that there are other requirements that address units not following dispatch instructions; that the language in PRR847 sufficiently communicates that the URC exemption ends when the VDI ends; that there are many single Resource Qualified Scheduling Entities (QSEs); and that there are disputes currently in process.

**Mr. Greer moved to recommend approval of PRR847 as recommended by TAC in the 7/1/10 TAC Report. Keith Emery seconded the motion.** Mr. Greer asked if additional information is needed, as TAC had previously approved the language. Mr. B. Jones noted that he would apprise the ERCOT Board of TAC’s review and discussion of the item. Mr. Brewster requested that Mr. B. Jones seek additional guidance should the ERCOT Board have additional concerns. **The motion carried unanimously.**

*ERCOT Board Instruction on “No” Votes*

Mr. B. Jones reported that the ERCOT Board desires as much information as possible regarding TAC member votes, and has requested in the case of “no” votes, that TAC members provide an explanation, if possible. Mr. B. Jones added that in the case of controversial abstentions, an explanation might also be helpful. Mr. B. Jones stated his discomfort in trying to portray why a member might have voted “no” on a particular issue, and suggested that TAC members communicate to their Market Segment’s ERCOT Board member either their reason for their objection, or that they would not be offering the ERCOT Board an explanation.

Mr. Greer noted that such a request has never been made of stakeholders, and that it would be understandable if ERCOT Board members are seeking to understand if there is a defect in particular language, or if parties might be harmed if an item is approved, but expressed concern that the ERCOT Board might not weigh objections unless an explanation is offered. Mr. B. Jones expressed concern that “yes” votes might not be given as much consideration; Mr. R. Jones shared Mr. B. Jones’ concern and suggested that “no” votes may be explained through the appeals process.

Market Participants discussed that the TAC chair must represent the full TAC discussion of an issue to the ERCOT Board; that the request came from Independent ERCOT Board members who might not have attended particular meetings; that ERCOT Board members may contact TAC members directly for additional information, and that there should be increased communication between stakeholders and their Market Segment’s ERCOT Board member; and that stakeholders should take care to not unduly burden ERCOT Board members to communicate the reason for a particular stakeholder’s dissenting vote. Mr. Cochran noted that there are many venues for information on particular votes, including presentations, meeting minutes, video archives, and calls to TAC members, and expressed apprehension that stakeholders might be disadvantaged for not offering an explanation for their position.

*Board Assignment: Committee Structure Review*

Mr. B. Jones noted the ERCOT Board’s recommendation that Market Participants review the stakeholder committee structure. Mr. B. Jones offered to meet with current subcommittee leadership to draft a proposal of possible committee structure revisions for consideration at the September 2, 2010 TAC meeting and the October 19, 2010 ERCOT Board meeting. Mr. Greer noted that the ERCOT Board’s request is related to the 2011 Sunset Review process and what is under question is how stakeholders conduct their business, and the decision making processes that are very familiar to stakeholders, but are unfamiliar to parties outside the issue vetting process. Mr. B. Jones suggested that a preamble regarding the decision making process be included with the report and requested that Market Participants send their suggestions up through their subcommittee leadership.

Approval of Draft May 6, 2010 TAC Meeting Minutes

*July 1, 2010*

*July 20, 2010*

Brittney Albracht reported a date correction to page three of the draft July 1, 2010 TAC meeting minutes and noted that the draft had been posted for six rather than seven days.

**Mr. Gresham moved to approve the July 1, 2010 TAC meeting minutes as amended, and the July 20, 2010 TAC meeting minutes as posted. Mr. Ögelman seconded the motion. The motion carried unanimously.**

Nodal Advisory Task Force (NATF) Report (see Key Documents)

Don Blackburn presented highlights of the July 8, 9, and 29, 2010 and August 3, 2010 NATF meetings. Mr. Blackburn noted that when NATF recommended that TAC certify that the Outage Scheduler Market Readiness Criteria had been met, that ERCOT Management sign-off was pending, but that as of the evening of August 4, 2010, ERCOT Management had signed-off on the item. Mr. Blackburn added that it is believed that known issues with the Outage Scheduler have been communicated; that the price separation issue has been resolved; that the new topology processor has a defect and is not picking up Outages, but that ERCOT’s manual entering of Outages is a workaround that has been used successfully for eight years, and that the Congestion Revenue Right (CRR) auction can run even if the patch does not correct the defect.

Mr. Blackburn noted that ERCOT Staff produced, and posted for review and comment, the ERCOT Business Practice Manual for the Current Operating Plan (COP), and expressed hope that more information shared in white papers will be developed as business practice manuals. Mr. Blackburn noted discussion at NATF regarding the 168 High Sustained Limit (HSL) requirement for Wind-powered Generation Resources (WGRs), and that some open questions are not answered by the manual. Regarding the July 19, 2010 NATF Day-Ahead Market (DAM) Workshop, Mr. Blackburn noted that the focus was on quality of solution, and that NATF believes that more testing is needed.

Regarding the readiness criteria votes, Read Comstock asked if NATF discussed and adopted ERCOT’s proposed categories, or if NATF considered different criteria. Mr. Blackburn noted that there is much NATF does not have visibility into and must rely on ERCOT’s assessment of its own capabilities, and as such, the ERCOT Management sign-off is weighed by NATF; and that NATF does consider the criteria in ERCOT’s three categories. Mr. Comstock suggested that it would be useful for NATF to indicate specific criteria that they consider that may be in addition to the ERCOT criteria.

Walter Reid noted the recent effort to focus ERCOT Staff participation in discussions of Nodal issues at NATF meetings and expressed hope that NATF would be given meeting space priority. Mr. Blackburn noted that NATF technical workshops might provide additional helpful focus; that the recent NATF DAM workshop had more than 100 WebEx participants; and that when considering the stakeholder forums structure, TAC leadership should remember to consider ERCOT Staff participation.

Regarding planning for the 168-Hour Test, Mr. Blackburn noted that ERCOT is seeking input, and that opinions are being assembled into a document that will likely be available in the coming week, but that will also likely require further discussion; and that ERCOT Staff has concerns for reliability issues posed by a long test, wherein pricing is flat and incentives to follow dispatch directions are low. Market Participants discussed the need for clearly defined test entrance and exit criteria; the process for determining the length of the test; and whether ERCOT, NATF, TAC, or the ERCOT Board would authorize the start of the test. Mr. B. Jones noted that there is not a requirement that TAC vote on the test, but that he would prefer that TAC have the opportunity to endorse the test and send it to the ERCOT Board.

Dan Jones expressed concern for the lack of a binding document for the test and emphasized the need for strict rules during the test. Mr. D. Jones added that currently, prices can be influenced without consequence; that there is currently no congestion component in the tests; that long tests will exacerbate the results of perverse incentives; and that he had given some consideration as to whether a Market Notice regarding price issues and perverse incentives should be issued. Howard Daniels noted that September and October are peak hurricane months, and that any long test has the potential to be rescheduled, and that in a long test it is assumed that a data base switch will be conducted, as it is the most complex activity in the Nodal environment, and must be conducted as least once before Texas Nodal Market Implementation Date (TNMID). William Lewis argued that any season could be problematic for scheduling a long test, and that the Nodal systems will be utilized during hurricane seasons in the future, and that while the long test will be expensive to conduct, the cost is worthwhile and in all parties interest, given the expense of the Nodal system.

Mr. B. Jones announced that TAC would host a WebEx-capable conversation regarding the 168-Hour Test and would conduct an e-mail vote on the same before the August 17, 2010 ERCOT Board meeting.

Texas Nodal Implementation (see Key Documents)

*ERCOT Program Update*

Jason Iacobucci provided an ERCOT program update, noting divisions regarding the mechanics of the 168-Hour Test. Mr. Iacobucci opined that there is no one perfect test; and that a test is not the final word on whether Nodal is ready for implementation. Market Participants further discussed how the 168-Hour Test plan would be finalized; the process for soliciting Market Participant input regarding the test plan; and that the TAC would need to host the discussion by Thursday, August 12, 2010. Mr. Greer asked if there are plans to review results of the 168-Hour Test, or to do additional testing. Mr. Iacobucci answered that there are not currently plans for a debriefing, but that one could be planned. Mr. Greer requested that a debrief be conducted as soon as possible after the test, and advised that TAC should be prepared to have a special meeting, depending on the test results.

Mike Cleary noted that a market risk assessment would be presented at the August 17, 2010 ERCOT Board meeting and is the next phase of traceability, and that the Independent Market Monitor was involved in the assessment.

*CRR Go-Live Decision / Outage Scheduler Go-Live Decision*

Kenneth Ragsdale presented a review of Outage Scheduler and CRR go-live items, including open defects and closed issues. Mr. Gresham asked, in light of the frequency and demands of the Nodal systems, if the zonal workaround for entering Outages would work in the Nodal systems. Mr. Cleary noted that the workaround is used today, is part of ERCOT’s normal practice, and that ERCOT Staff has much practice with the workaround. Mr. Cleary added that neither testing nor TNMID is dependent upon a correction to the topology processor, as ERCOT Staff is so familiar with the workaround.

**Mr. Ögelman moved the following:**

**WHEREAS, Protocols 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 Technical Advisory Committee (TAC) 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 TAC, Electric Reliability Council of Texas, Inc. (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 TAC recognize that there are issues that remain to be addressed regarding the implementation and operation of the Congestion Revenue Rights before TNMID, but that none of those issues should prevent the Congestion Revenue Rights Go-Live in October 2010, which is an integral occurrence in the progress toward meeting the TNMID on schedule;**

**WHEREAS, TAC has reviewed the market readiness metrics documentation underlying ERCOT staff’s recommendation regarding the Congestion Revenue Rights part of the nodal market design, and has conducted due diligence on ERCOT staff’s conclusion that the Congestion Revenue Rights has satisfied all of the steps necessary to make the declaration of market readiness required by Section 21.12.3, in order to authorize Congestion Revenue Rights Go-Live in October 2010;**

**THEREFORE be it RESOLVED, that this Resolution shall serve as the TAC certification that all Market Readiness Criteria have been met, for purposes of ERCOT Protocols Section 21.12.3, regarding Congestion Revenue Rights Go-Live in October 2010.**

**FURTHERMORE, TAC directs that status updates regarding outstanding issues be provided at future TAC meetings.**

**Jennifer Bevill seconded the motion. The motion carried unanimously.**

Mr. Ögelman expressed his comfort with the workarounds for the Outage Scheduler and opined that the lengthy motion was not necessary, but that he would offer it for TAC consideration.

**Mr. Ögelman moved the following:**

**WHEREAS, Protocols 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 Technical Advisory Committee (TAC) 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 TAC, Electric Reliability Council of Texas, Inc. (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 TAC recognize that there are issues that remain to be addressed regarding the implementation and operation of the Outage Scheduler before 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, TAC has reviewed the market readiness metrics documentation underlying ERCOT staff’s recommendation regarding the Outage Scheduler part of the nodal market design, and has conducted due diligence on 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;**

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

**Mr. Seymour seconded the motion.**

Mr. Gresham requested that Mr. Ragsdale provide a status report to NATF regarding status defects to be addressed by August 13, 2010. Market Participants discussed whether the lengthy motion was necessary; Mr. Cleary encouraged Market Participants to maintain a consistent format for system certifications, as it would facilitate and simplify discussions at the ERCOT Board level. **The motion carried unanimously.**

*Market Readiness*

Nodal registration deadlines, Nodal classes and workshops, and Market Participant and ERCOT metric status updates were provided in the posted presentation.

Commercial Operations Subcommittee (COPS) Report (see Key Documents)

*Commercial Operations Market Guide Revision Request (COPMGRR) 018, Updates to References of IDR and/or IDR Meter in the Commercial Operations Market Guide Due to the Proposed Definition of IDR Meter in PRR845*

*COPMGRR020, Creating Subsection 10.3, Unregistered Distributed Generation Reports*

*COPMGRR021, Market Participant Market Notice Process*

Ms. McKeever reviewed highlights of the July 13, 2010 COPS meeting and noted that the posted presentation contains the recent verifiable cost update provided to COPS.

**Mr. Houston moved to approve COPMGRR018 and COPMGRR020 as recommended by COPS in the 7/13/10 COPS Recommendation Report, and to approve COPMGRR021 as amended by the 7/28/10 Tenaska comments. Mr. Ögelman seconded the motion. The motion carried unanimously.**

Protocol Revisions Subcommittee (PRS) Report (see Key Documents)

Ms. Morris presented revision requests for TAC consideration, noted that all revision requests in the particular report were sponsored by ERCOT Staff, and encouraged Market Participants to review the updated Nodal parking deck.

*NPRR218, Resolution of Alignment Item A71 - Add Protocol Description of the Power Balance Penalty Factor used in the SCED*

**Danny Bivens moved to recommend approval of NPRR218 as recommended by PRS in the 7/22/10 PRS Report. Brian Gedrich seconded the motion. The motion carried unanimously.**

*NPRR228, Resolution of Alignment Items A2, A80, A83 and A93 - As-Built Treatment and Settlement of Combined Cycle Generation Resources in ERCOT Market Systems*

Ms. Hobbs noted that NPRR222, Half-Hour Start Unit RUC Clawback was approved at the July 20, 2010 ERCOT Board meeting, updating the baseline language, and that revisions were needed to Section 5.7.2, RUC Clawback Charge, to maintain consistency.

**Mr. Bivens moved to recommend approval of NPRR228 as recommended by PRS in the 7/22/10 PRS Report and as revised by TAC. Mr. Ögelman seconded the motion. The motion carried unanimously.**

*NPRR233, Clarifying Method of Enforcing CRR Auction Limitation on Market Submissions*

**Mr. Greer moved to recommend approval of NPRR233 as recommended by PRS in the 7/22/10 PRS Report. Mr. Pieniazek seconded the motion. The motion carried unanimously.**

*NPRR236, Resolution of Alignment Item A83 partially, A86, A87 partially, A88 partially, and A142 - Clarify Default Actions for Missing Data and Range of Valid Data Entries for Energy Offers*

**Mr. Greer moved to recommend approval of NPRR236 as recommended by PRS in the 7/22/10 PRS Report. Mr. Gedrich seconded the motion. The motion carried unanimously.**

*NPRR237, Resolution of Alignment Items A22, A143, A148, A153, A160 and A169 – Clarification of NERC Reliability Standards and MIS Posting Requirements*

Ms. Hobbs recommended a section reference update.

**Mr. Greer moved to recommend approval of NPRR237 as recommended by PRS in the 7/22/10 PRS Report and as revised by TAC. Phillip Boyd seconded the motion. The motion carried unanimously.**

*NPRR242, Synchronization of Nodal Protocols with PRR792*

**Mr. Greer moved to recommend approval of NPRR242 as recommended by PRS in the 7/22/10 PRS Report. Ms. J. Bevill seconded the motion. The motion carried unanimously.**

*NPRR245, Protocol Synchronization and As-Built Clarification for RUC Shortfall Calculation Notice of Rejection of SCR741, Multi-Day Scheduling Capability*

**Mr. Greer moved to recommend approval of NPRR245 as recommended by PRS in the 7/22/10 PRS Report. Mr. Gedrich seconded the motion. The motion carried unanimously.**

*Notice of Withdrawn/Rejected Revision Requests*

Ms. Morris noted the rejection of NPRR216, Allow ERCOT Option to Cancel Commitments Previously Issued Through RUC, and the withdrawal of NPRR234, Resolution of Alignment Item A32, A147, A155, A159, and A187 - Clarify General Capacity Testing and Net Dependable Capability.

Revision Requests Tabled at TAC (see Key Documents)

*NPRR 209, Data Posting Changes to Comply with P.U.C. Subst. R. 25.505*

Market Participants discussed that the Public Utility Commission of Texas (PUCT) will likely open a rulemaking to address issues related to State Estimator disclosure requirements.

**Mr. Greer moved to table NPRR209. Mr. Bivens seconded the motion. The motion carried unanimously.**

Reliability and Operations Subcommittee (ROS) Report (see Key Documents)

Ken Donohoo reviewed voting items for TAC consideration.

*Nodal Operating Guide Revision Request (NOGRR) 034, Rescind Telemetry Performance Calculation* *Exclusions*

*NOGRR038, Synchronization with OGRR243, Disturbance Monitoring Requirements Clarification*

*Revised ROS Procedures*

Regarding NOGRR034, Ms. Hobbs noted that PRS confirmed ROS’ recommendation for a priority of Medium for the proposed grey-box language. Mr. Donohoo noted revisions to the ROS Procedures to add the Critical Infrastructure Protection Working Group (CIPWG) and Planning Working Group (PLWG) to the list of ROS working groups, and noted that it is hoped that the Steady State Working Group (SSWG) and the Dynamics Working Group (DWG) will eventually be subsumed by the PLWG.

**Mr. Houston moved to recommend approval of NOGRR034 as recommended by ROS in the 07/15/10 ROS Recommendation Report, with a priority of Medium for the proposed grey-box language; to approve NOGRR038 as recommended by ROS in the 7/15/10 ROS Recommendation Report; and to approve the revised ROS Procedures as posted. Mr. Lewis seconded the motion. The motion carried unanimously.**

Retail Market Subcommittee Report (RMS) (see Key Documents)

Kyle Patrick presented highlights of the July 14, 2010 RMS meeting and presented a revision request for TAC consideration.

*Competitive Metering Guide Revision Request (CMGRR) 011, Revisions for Texas Nodal Market Implementation and Synchronization with PRR821*

**Mr. Greer moved to approve CMGRR011 as recommended by RMS in the 7/14/10 RMS Recommendation Report. Mr. Ögelman seconded the motion. The motion carried unanimously.**

Renewable Technology Working Group Report (see Key Documents)

*Q2-2010 Texas Renewable Implementation Plan (TRIP)*

**Ms. Morris moved to waive the seven day posting requirement and consider the Q2-2010 TRIP report. Mr. Seymour seconded the motion. The motion carried unanimously.**

Mr. Daniels presented the TRIP Quarterly Update for the period ending June 30, 2010, and noted that geothermal technology may be added to the technology list, as there has been a recent increase in that type of drilling; and that of approximately 700MW of wind generation that came online in the United States in the second quarter of 2010, approximately 200MW were in Texas.

Mr. Greer asked where the SO 35 – Operational Checklist for Resource Interconnection is housed. Mr. Daniels answered that the checklist has not been generated, but at this time is only a recommendation from ERCOT Staff. Mr. Greer commented that such a list that references both Protocols and requirements would be convenient for both wind and conventional generation, and could be housed in the interconnection procedures. Mr. Daniels noted the challenge of gathering manufacturer information to improve study fidelity, as many manufacturers consider various data confidential. Market Participants discussed whether ROS or the Renewable Technologies Working Group (RTWG) should take up development of the operational checklist; Mr. B. Jones noted that he would discuss the item with ROS leadership, and the item concerns both planning and the interconnection agreement.

Mr. Greer reminded Market Participants that storage is not a renewable technology, as it takes energy from the grid as its generation source, and asked if the name of the RTWG should be changed. Mr. Daniels noted that the RTWG will soon present a recommendation that the group be disbanded and its responsibilities be handled differently.

**Mr. Greer moved to endorse the TRIP Quarterly Update for the Period Ending June 30, 2010, and to forward the report to the ERCOT Board and the PUCT. Mr. Houston seconded the motion. The motion carried unanimously.**

ERCOT Operations, Planning, and IT Report

*Houston Import Project*

Warren Lasher presented information regarding the Houston Import Project, including study background; results of the independent ERCOT review of the project; a short list of the project options that were evaluated; and conclusions. Mr. Lasher noted that seven options passed the economic planning criteria in the base scenario based on generator revenue savings, but that no options passed the production cost savings, in which ERCOT considers the underlying system costs to serve Load. Mr. Lasher discussed the production cost test and the generator revenue test, and added that it is possible to put in a project that does not significantly reduce production costs, but that significantly reduces the payments consumers pay to generators, as a small unit might greatly impact margin costs in a large number of intervals.

Mr. D. Jones stated that, assuming the CRR auction is efficient, the societal benefit test is the economic efficiency measure, and that none of the options passed the economic efficiency test, but did pass the consumer benefit test, which is not efficient and is there for some other reason, such as equity issues, which might be an item for future discussion.

Marguerite Wagner cited the State of the Market report as saying generator revenues are not sufficient to incent new entries to the market, and asked if ERCOT is comfortable with the current path. Ms. Wagner opined that the ultimate cost will be borne by the consumer, that the market will fail, and that some solution will be needed to bring generation to the market. Mr. Lasher noted that when the generation revenue test was discussed, ERCOT was in favor of using only the production costs tests; that TAC decided to include the generation revenue test in the set of options for evaluating economic projects; that the tests should be reviewed periodically, but that the current charter contains the tests; and that there are highly relevant market issues.

Mr. Lasher reported that Option 3 was the only option that met the economic criteria in the base case and all of the alternative scenarios besides the STP 3&4 scenario, adding that the STP 3&4 scenario was run on the 2014 model because a later year model was not available at the time of analysis. Mr. R. Jones expressed concern for price signals and long-term generation adequacy. Mr. D. Jones offered that the PLWG might consider having a dialogue for defining the metrics around the consumer benefit test, and that this project serves as a wake-up call to review the measures and how they are applied.

**Mr. Greer moved to endorse the Houston Import Project. Mr. Brewster seconded the motion.** Mr. B. Jones noted that as the Nodal project was advanced as a consumer benefit, the test’s concept is not completely foreign; and that while the Houston Import Project is the first use of the test in some regard, it is still appropriate. Mr. Comstock asked that the motion include a recommendation that the Regional Planning Group (RPG) reconsider the economic planning criteria; Mr. B. Jones noted that the ERCOT Board has already requested that PLWG take up consideration of the criteria.

It was noted that Dan Woodfin would present the project to the ERCOT Board, and that Mr. B. Jones would report TAC’s opinion on the project.

**Mr. Greer and Mr. Brewster amended the motion to endorse the improvements associated the Option 3 and the associated conclusions:**

* **Build Fayetteville – Zenith 345 kV double circuit line (approximately 60 miles on a new ROW) so that each circuit Rate B is approximately 2800 MVA**
* **Loop Fayette Power Project – Salem 345 kV line into Fayetteville 345 kV substation**
* **Upgrade Fayette Power Project – Fayetteville 345 kV double circuit lines so that the Rate B of each circuit is approximately 1900 MVA**
* **Expand the Fayetteville Substation with four new line terminations and the Zenith Substation with two new line terminations**
* **Upgrade the Bellaire – Brays – H.O. Clarke Plant 138 kV line terminal equipment so that the circuit Rate B for the two 138 kV sections is 893 MVA and 561 MVA, respectively**
* **Estimated Capital Cost = $175M**
* **2014 Annual Generator Revenue Savings = $45.4M**

**The motion carried on roll call vote.** *(Please see ballot posted with Key Documents.)*

Wholesale Market Subcommittee (WMS) Report (see Key Documents)

Ms. J. Bevill reviewed highlights of the July 21, 2010 WMS meeting and noted the WMS recommendation that working group and task force comments on revision requests be submitted to the subcommittee’s listserv rather than being filed directly, and that working groups and task forces utilize a new working group comment form that includes an attendee list. Mr. B. Jones noted that discussion of working group comments would be taken up at the September 2, 2010 TAC meeting, and that Ms. Hobbs is developing a pro/con list regarding the recommendation. Mr. Greer opined that working groups and task forces would require a voting structure with representation, should they be allowed to file comments directly.

*Revised WMS Procedures (Vote)*

Ms. J. Bevill reviewed proposed revisions to the WMS Procedures.

**Mr. Greer moved to approve the revised WMS Procedures as posted. Mr. Bivens seconded the motion. The motion carried unanimously.**

Other Business

Mr. B. Jones proposed that a special TAC meeting or workshop be scheduled for the discussion of the 168-Hour Test Handbook. Market Participants discussed quorum considerations and voting requirements. David Grubbs proposed that the vote be conducted by e-mail, regardless of the type of meeting that is scheduled. Mr. B. Jones opined that a TAC workshop with full WebEx capability, followed by a TAC e-mail vote, would allow for the broadest possible participation, adding that an announcement regarding a workshop on the afternoon of August 12, 2010 would be sent as soon as possible.

Adjournment

Mr. B. Jones adjourned the August 5, 2010 TAC meeting at 2:45 p.m.

1. Key Documents referenced in these minutes may be accessed on the ERCOT website at:

   <http://www.ercot.com/calendar/2010/08/20100805-TAC> [↑](#footnote-ref-1)