



Date: March 15, 2011
To: 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: March 22, 2011

Agenda Item No.: 7a

Issue:

Consideration of the following NPRRs:

- NPRR275 – Clarify Qualified Scheduling Entity (QSE)’s Ability to Make Changes to Ancillary Service Resource Responsibility in Real Time
- NPRR283 – Clarification of Preassigned Congestion Revenue Right (PCRR) Allocation Eligibility
- NPRR289 – Clarify Use of Raise/Lower Block Status Telemetry
- NPRR291 – Reduce the Comment Period for NPRRs and System Change Requests (SCRs)
- NPRR292 – Add Key Provisions of Regional Planning Group (RPG) Charter to Protocols
- NPRR296 – Remove Posting Requirement for the Annual Planning Model for the Congestion Revenue Rights (CRR) Auction
- NPRR297 – Add Administrative NPRR Process to Nodal Protocols
- NPRR303 – Requirement to Post Point-to-Point (PTP) Options Cleared in Day-Ahead Market (DAM) or Taken to Real-Time – URGENT
- NPRR305 – Timeline for Calculating the Value of X – URGENT
- NPRR307 – Change Supplementary Ancillary Service Market (SASM) Offer Procedures – URGENT
- NPRR323 – Correct DAM Credit Exposure Language and Enable Qualified Expiring CRRs to Offset PTP Bid Exposure – URGENT
- NPRR325 – Price Correction During Security Constrained Economic Dispatch (SCED) Process Failure – URGENT

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.

- **NPRR275 – Clarify QSE’s Ability to Make Changes to Ancillary Service Resource Responsibility in Real Time [ERCOT].**

Proposed Effective Date: April 1, 2011

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 clarifies the responsibility of QSEs to telemeter the Ancillary Service Resource Responsibility for each Resource in Real-Time.

Procedural History: NPRR275 was posted on September 16, 2010. On September 23, 2010, the Protocol Revision Subcommittee (PRS) unanimously voted to reject NPRR275. On October 7, 2010, ERCOT appealed the September 23, 2010 PRS Decision to TAC. On November 14, 2010, TAC unanimously voted to remand NPRR275 to PRS and to request that the Nodal Advisory Task Force (NATF) also consider NPRR275 and provide feedback to PRS. On November 18, 2010, PRS voted to recommend approval of NPRR275 as amended by the November 16, 2010 NATF comments and as revised by PRS. There were two (2) abstentions from the Investor Owned Utility (IOU) and Consumer Market Segments. On December 16, 2010, PRS voted to endorse and forward the November 18, 2010 PRS Report and Impact Analysis for NPRR275 to TAC with a proposed effective date of March 1, 2011. There were two (2) abstentions from the Consumer and IOU Market Segments. On January 6, 2011, TAC voted to recommend approval of NPRR275 as recommended by PRS in the December 16, 2010 PRS Report and as revised by TAC. There were two (2) abstentions from the Cooperative and IOU Market Segments.

- **NPRR283 – Clarification of PCRR Allocation Eligibility [Tex-La].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR extends PCRR eligibility for certain wholesale supply over the high voltage Direct Current Ties (DC Ties).

Procedural History: NPRR283 was posted on September 30, 2010. On October 21, 2010, PRS unanimously voted to refer NPRR283 to the Wholesale Market Subcommittee (WMS) to discuss (1) whether the DC Tie import in question is a Generation Resource for purposes of PCRR allocation; and (2) the expected duration of pre-1999 contracts and PCRR implications. On December 16, 2010, PRS voted to recommend approval of NPRR283 as amended by the December 15, 2010 WMS comments. There were three (3) abstentions from the Consumer, Independent Power Marketer (IPM), and IOU Market Segments. On January 20, 2011, PRS unanimously voted to endorse and forward the December 16, 2010 PRS Report and Impact Analysis for NPRR283 to TAC. On February 3, 2011, TAC voted to recommend approval of NPRR283 as recommended by PRS in the January 20, 2011 PRS Report. There was one (1) abstention from the IPM Market Segment.

- **NPRR289 – Clarify Use of Raise/Lower Block Status Telemetry [ERCOT].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR inserts language into Section 6.5.5.2, Operational Data Requirements, to clarify the proper use of Raise Block Status and Lower Block Status telemetry points by Resource operators in Real-Time operations.

Procedural History: NPRR289 was posted on October 28, 2010. On November 18, 2010, PRS unanimously voted to refer NPRR289 to WMS. On December 16, 2010, PRS unanimously voted to recommend approval of NPRR289 as amended by the December 15, 2010 WMS comments. On January 20, 2011, PRS unanimously voted to endorse and

forward the December 16, 2010 PRS Report and Impact Analysis for NPRR289 to TAC. On February 3, 2011, TAC unanimously voted to recommend approval of NPRR289 as recommended by PRS in the January 20, 2011 PRS Report.

- **NPRR291 – Reduce the Comment Period for NPRRs and SCRs [ERCOT].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR reduces the comment period for NPRRs and SCRs from twenty-one (21) days to fourteen (14) days and removes the requirement for the comment period to end at least three (3) Business Days prior to the next regularly scheduled meeting of the subcommittee considering the NPRR or SCR.

Procedural History: NPRR291 was posted on October 28, 2010. On November 18, 2010, PRS unanimously voted to recommend approval of NPRR291 as submitted. On December 16, 2010, PRS unanimously voted to endorse and forward the November 18, 2010 PRS Report and Impact Analysis for NPRR291 to TAC. On January 6, 2011, TAC unanimously voted to recommend approval of NPRR291 as recommended by PRS in the December 16, 2010 PRS Report.

- **NPRR292 – Add Key Provisions of RPG Charter to Protocols [Planning Working Group (PLWG)].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR adds certain key provisions of the Regional Planning Group (RPG) Charter and Procedures (RPG Charter), approved by the ERCOT Board in January 2009, to the Nodal Protocols without changing requirements or process. This NPRR also revises certain language within the existing Nodal Protocols for consistency with the added provisions and to coordinate with future Planning Guides. If needed, substantive changes to the planning process will be addressed through other NPRR and Planning Guide Revision Requests (PGRRs).

Procedural History: NPRR292 was posted on October 29, 2010. On November 18, 2010, PRS voted to recommend approval of NPRR292 as submitted. There were two (2) opposing votes from the IPM and Independent Generator Market Segments. On December 16, 2010, PRS unanimously voted to endorse and forward the November 18, 2010 PRS Report and Impact Analysis for NPRR292 to TAC. On January 6, 2011, TAC voted to recommend approval of NPRR292 as recommended by PRS in the December 16, 2010 PRS Report. There were two (2) opposing votes from the Independent Generator and IPM Market Segments and four (4) abstentions: one (1) from the Independent Generator and three (3) from the IPM Market Segments.

- **NPRR296 – Remove Posting Requirement for the Annual Planning Model for the CRR Auction [ERCOT].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR removes the requirement to post a schedule for updating transmission information for the Annual Planning Model six (6) months prior to the annual and two-year CRR Auctions.

Procedural History: NPRR296 was posted on November 15, 2010. On December 16, 2010, PRS unanimously voted to recommend approval of NPRR296 as submitted. On January 20, 2011, PRS unanimously voted to endorse and forward the December 16, 2010 PRS Report and Impact Analysis for NPRR296 to TAC. On February 3, 2011, TAC unanimously voted to recommend approval of NPRR296 as recommended by PRS in the January 20, 2011 PRS Report.

- **NPRR297 – Add Administrative NPRR Process to Nodal Protocols [ERCOT].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR adds a process for “Administrative NPRRs” to the Nodal Protocols modeled on the similar process for administrative market guide revisions contained in each of the market guides.

Procedural History: NPRR297 was posted on November 23, 2010. On December 16, 2010, PRS unanimously voted to recommend approval of NPRR297 as submitted. On January 20, 2011, PRS unanimously voted to endorse and forward the December 16, 2010 PRS Report and Impact Analysis for NPRR297 to TAC. On February 3, 2011, TAC unanimously voted to recommend approval of NPRR297 as recommended by PRS in the January 20, 2011 PRS Report.

- **NPRR303 – Requirement to Post PTP Options Cleared in DAM or Taken to Real-Time [Luminant Energy] – URGENT.**

Proposed Effective Date: Upon System Implementation (will be implemented with NPRR293, Requirement to Post PTP Obligation Quantities Awarded in DAM (formerly “Requirement to Post CRR Option and Obligation Quantities Cleared in DAM or Taken to Real Time”)) – Priority High; Rank 14.

ERCOT Impact Analysis: Less than \$5,000; no impacts to ERCOT staffing; impacts to Market Management System (MMS), Current Day Reports (CDR), and Market Information System (MIS); implement automated process to generate and post quantities of PTP Options cleared in the DAM or taken in Real-Time; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR adds language to specify the need for ERCOT to post quantities of PTP Options and PTP Options with Refund that were not cleared in the DAM and taken to Real-Time for Settlement.

Procedural History: NPRR303 was posted on December 5, 2010. On January 20, 2011, PRS voted to recommend approval of NPRR303 as submitted. There were two (2) opposing votes from the Municipal Market Segment and one (1) abstention from the IPM Market Segment. On February 17, 2011, PRS unanimously voted to grant NPRR303 Urgent status,

to endorse and forward the January 20, 2011 PRS Report, Impact Analysis and Cost Benefit Analysis for NPRR303 to TAC, and to recommend a priority of High and a rank of 14. On March 3, 2011, TAC voted to recommend approval of NPRR303 as recommended by PRS in the February 17, 2011 PRS Report. There was one (1) opposing vote from the Cooperative Market Segment and four (4) abstentions: three (3) from the Cooperative and one (1) from the Municipal Market Segments.

- **NPRR305 – Timeline for Calculating the Value of X [ERCOT] - URGENT.**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR removes from the Nodal Protocols language describing the effective date for the value of X for the purpose of determining verifiable startup costs and instead refers to the Verifiable Cost Manual as the source for such information.

Procedural History: NPRR305 was posted on January 11, 2011. On January 13, 2011, PRS granted NPRR305 Urgent status via PRS email vote. On January 20, 2011, PRS unanimously voted to recommend approval of NPRR305 as submitted and to forward NPRR305 and its Impact Analysis to TAC. On February 2, 2011, TAC unanimously voted to recommend approval of NPRR305 as recommended by PRS in the January 20, 2011 TAC Report.

- **NPRR307 – Change SASM Offer Procedures [Morgan Stanley] – URGENT.**

Proposed Effective Date: Upon System Implementation – Priority High; Rank 9.5

ERCOT Impact Analysis: \$15,000 - \$20,000; no impacts to ERCOT staffing; impacts to MMS; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR deletes the requirement of valid Supplemental Ancillary Services Market (SASM) offers to be at or below the value of the offers in the DAM.

Procedural History: NPRR307 was posted on January 11, 2011. On January 13, 2011, PRS granted NPRR307 Urgent status via PRS email vote. On January 20, 2011, PRS voted via roll call vote to refer NPRR307 to WMS. On February 17, 2011, PRS voted to recommend approval of NPRR307 as amended by the February 14, 2011 Occidental Chemical Corporation comments and as revised by PRS and to forward NPRR307 to TAC. There was one (1) abstention from the Independent Retail Electric Provider (IREP) Market Segment. On March 3, 2011, TAC voted to recommend approval of NPRR307 as amended by the March 2, 2011 Luminant comments and as revised by TAC with a recommended priority of High and rank of 9.5. There were two (2) abstentions from the IOU Market Segment.

- **NPRR323 – Correct DAM Credit Exposure Language and Enable Qualified Expiring CRRs to Offset PTP Bid Exposure [Tenaska] – URGENT.**

Proposed Effective Date: Upon System Implementation – Priority High; Rank 12.75

ERCOT Impact Analysis: \$375,000 - \$475,000; no impacts to ERCOT staffing; impacts to MMS, Market Participant Registration System (REG), and Enterprise Integration (EIP); no impacts to ERCOT business functions; no impacts to ERCOT grid operations and

practices.

Revision Description: This NPRR revises the language in Section 4.4.10, Credit Requirement for DAM Bids and Offers, to match the implemented DAM credit exposure calculations for Three-Part Supply Offers as they relate to combined cycle and to PTP bid calculations currently identified in paragraph (6)(d) of Section 4.4.10; right size the credit exposure calculation for DAM transactions submitted via the use of an energy-only bid curve to equate to the maximum exposure; and right size the credit exposure calculation for DAM PTP bids where a qualified expiring CRR offsets cleared DAM exposure.

Procedural History: NPRR323 was posted on February 10, 2011. On February 16, 2011, the motion to grant NPRR323 Urgent status failed via PRS email vote. On February 17, 2011, PRS unanimously voted to grant NPRR323 Urgent status. PRS then unanimously voted to recommend approval of NPRR323 as amended by the February 17, 2011 ERCOT comments and to forward NPRR323 to TAC. On March 3, 2011, TAC unanimously voted to recommend approval of NPRR323 as amended by the March 2, 2011 ERCOT comments and as revised by TAC with a recommended priority of High and a rank of 12.75. *See March 11, 2011 CWG comments.*

- **NPRR325 – Price Correction during SCED Process Failure [ERCOT] – URGENT.**

Proposed Effective Date: April 1, 2011

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

Revision Description: This NPRR clarifies the Settlement method that will be used if ERCOT identifies that Real-Time Settlement Point Prices are erroneous and correcting the error will affect Real-Time Dispatch.

Procedural History: NPRR325 was posted on February 10, 2011. On February 16, 2011, the motion to grant NPRR325 Urgent status failed via PRS email vote. On February 17, 2011, PRS unanimously voted to grant NPRR325 Urgent status. PRS then unanimously voted to recommend approval of NPRR325 as revised by PRS and to forward NPRR325 to TAC. On March 3, 2011, TAC unanimously voted to recommend approval of NPRR325 as recommended by PRS in the February 17, 2011 PRS Report.

The TAC Reports, Impact Analyses, and Cost Benefit Analyses (if applicable) 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 reports to TAC regarding NPRRs 275, 283, 289, 291, 292, 296, 297, 303, 305, 307, 323, and 325 described herein. TAC considered the issues and voted to take action on NPRRs 275, 283, 289, 291, 292, 296, 297, 303, 305, 307, 323, and 325 as described above.

Alternatives:

1. Approve the TAC recommendation on NPRRs 275, 283, 289, 291, 292, 296, 297, 303, 305, 307, 323, and/or 325, as described above or as modified by the ERCOT Board;



2. Reject the TAC recommendation on NPRRs 275, 283, 289, 291, 292, 296, 297, 303, 305, 307, 323, and/or 325;
3. Defer decision on the TAC recommendation on NPRRs 275, 283, 289, 291, 292, 296, 297, 303, 305, 307, 323, and/or 325; or
4. Remand NPRRs 275, 283, 289, 291, 292, 296, 297, 303, 305, 307, 323, and/or 325 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 275, 283, 289, 291, 292, 296, 297, 303, 305, 307, 323, and/or 325 as described herein.



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

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to approve the following Nodal Protocol Revision Requests (NPRRs):

- NPRR275 – Clarify Qualified Scheduling Entity (QSE)’s Ability to Make Changes to Ancillary Service Resource Responsibility in Real Time
- NPRR283 – Clarification of Preassigned Congestion Revenue Right (PCRR) Allocation Eligibility
- NPRR289 – Clarify Use of Raise/Lower Block Status Telemetry
- NPRR291 – Reduce the Comment Period for NPRRs and System Change Requests (SCRs)
- NPRR292 – Add Key Provisions of Regional Planning Group (RPG) Charter to Protocols
- NPRR296 – Remove Posting Requirement for the Annual Planning Model for the Congestion Revenue Rights (CRR) Auction
- NPRR297 – Add Administrative NPRR Process to Nodal Protocols
- NPRR303 – Requirement to Post Point-to-Point (PTP) Options Cleared in Day-Ahead Market (DAM) or Taken to Real-Time – URGENT
- NPRR305 – Timeline for Calculating the Value of X – URGENT
- NPRR307 – Change Supplementary Ancillary Service Market (SASM) Offer Procedures – URGENT
- NPRR323 – Correct DAM Credit Exposure Language and Enable Qualified Expiring CRRs to Offset PTP Bid Exposure – URGENT
- NPRR325 – Price Correction During Security Constrained Economic Dispatch (SCED) Process Failure – URGENT

THEREFORE be it RESOLVED, that the ERCOT Board hereby approve NPRRs 275, 283, 289, 291, 292, 296, 297, 303, 305, 307, 323, and 325.

CORPORATE SECRETARY’S CERTIFICATE

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its March 22, 2011 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of March, 2011.

Bill Magness
Corporate Secretary