



**Date:** June 14, 2011  
**To:** ERCOT Board of Directors  
**From:** Brad Jones, Technical Advisory Committee (TAC) Chair  
**Subject:** Non-Unanimous Protocol Revision Request (NPRR)

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors (ERCOT Board) Meeting Date:** June 21, 2011

**Agenda Item No.:** 8b

**Issue:**

Consideration of NPRR322 – Real-Time Point-to-Point (PTP) Option Modeling.

**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.

- **NPRR322 – Real-Time PTP Option Modeling [Luminant] – URGENT.**

**Proposed Effective Date:** Revisions to paragraphs (4) of Section 4.4.5, *Congestion Revenue Rights (CRR) Offers*, and (4) of Section 4.4.5.1, *CRR Offer Criteria*, to be effective upon Board approval; Remaining revisions to be effective upon system implementation – Priority Critical; Rank 9.45.

**ERCOT Impact Analysis:** \$75,000 to 80,000; no impacts to ERCOT staffing; impact to Web Services, Market Manager User Interface, Market Management System (MMS), MMS Adapter, Commercial Systems Integration (CSI), Lodestar, Enterprise Information System (EIS) and Current Day Reports (CDR); no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

**Revision Description:** This NPRR provides that all PTP Options will be settled in the Day-Ahead Market (DAM), unless DAM fails to execute. If a Non-Opt-In Entity (NOIE) purchases a PTP Obligation in the DAM and owns a PTP Option for the same source and sink pair, and the megawatts (MWs) of the PTP Obligation are not more than the MWs of the PTP Option, then the PTP Obligation will settle in Real-Time as only the positive difference between the sink and source Settlement Point Prices, much like a PTP Option. This NPRR also includes a requirement that NOIEs shape the PTP Options going to Real-Time according to their Load forecast and adds a new type of CRR to handle the treatment of PTP Obligations that are treated as PTP Options for Settlement purposes.

**Procedural History:** On June 2, 2011, TAC voted via roll call vote to recommend approval of NPRR322 as amended by the June 1, 2011 CPS Energy comments with a recommended priority of Critical and rank of 9.45; and an effective date of “Upon Board Approval” for paragraph (4) of Section 4.4.5 and paragraph (4) of Section 4.4.5.1. There were three (3) abstentions from the Consumer (2) and Independent Power Marketer (IPM) Market Segment. *See June 2, 2011 CWG comments.*

The TAC Report, Impact Analysis, and Cost Benefit Analysis for NPRR322 are included in the ERCOT Board meeting materials which can found at the following link:



<http://www.ercot.com/calendar/2011/06/20110621-BOD>.

In addition, NPRR322 and supporting materials are posted on the ERCOT website at the following link: <http://www.ercot.com/mktrules/nprotocols/npr>.

**Key Factors Influencing Issue:**

PRS met, discussed the issues, and submitted a report to TAC regarding NPRR322 described herein. TAC considered the issues and voted to take action on NPRR322 as described above.

**Alternatives:**

1. Approve the TAC recommendation on NPRR322, as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation on NPRR322;
3. Defer decision on the TAC recommendation on NPRR322; or
4. Remand NPRR322 to TAC with instructions.

**Conclusion/Recommendation:**

As more specifically described above, TAC recommends that the ERCOT Board approve NPRR322 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 Protocol Revision Request (NPRR) 322 – Real-Time Point-to-Point (PTP) Option Modeling.

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRR322.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its June 21, 2011 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by

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IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of June, 2011.

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Bill Magness  
Corporate Secretary