



Date: September 13, 2011
To: ERCOT Board of Directors
From: Brad Jones, Technical Advisory Committee (TAC) Chair
Subject: Nonunanimous Nodal Protocol Revision Requests (NPRRs) and Parking Deck NPRRs

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: September 20, 2011

Agenda Item No.: 12b

Issue:

Consideration of the following Revision Requests and Impact Assessments nonunanimously recommended for approval by TAC:

- NPRR365 – Change in Resource Outage Approvals from Eight to 45 Days (formerly “Change in Resource Outage Approvals from Eight to 90 Days”) – URGENT
- NPRR379 – Emergency Interruptible Load Service (EILS) Dispatch Sequence and Performance Criteria Upgrades
- NPRR396 – Reduce Standard Operations and Maintenance (O&M) Costs – URGENT
- NPRR207 – Unit Deselection (formerly “Hour Start Unit Deselection and Half Hour Start Unit Reliability Unit Commitment (RUC) Clawback”) (Impact Assessment)
- NPRR210 – Wind Forecasting Change to P50, Synchronization with PRR841 (Impact Assessment)
- NPRR222 – Half-Hour Start Unit RUC Clawback (Companion to NPRR207) (Impact Assessment)
- NPRR240 – Proxy Energy Offer Curve (Impact Assessment)
- NPRR241 – Aggregate Incremental Liability (AIL) Calculation and Credit Reports Publish Corrections (Impact Assessment)
- NPRR244 – Clarification of Other Binding Documents (Impact Assessment)
- NPRR256 – Synchronize Nodal Protocols with PRR787, Add Non-Compliance Language to Qualified Scheduling Entity (QSE) Performance Standards (formerly “Add Violation Language to QSE Performance Standards”) (Impact Assessment)
- NPRR272 – Definition and Participation of Quick Start Generation Resources (Impact Assessment)

Background/History:

Unless otherwise noted: (i) all Market Segments were present for each vote and (ii) ERCOT Credit Staff and the Credit Work Group (Credit WG) have reviewed the revision request and do not believe it requires changes to credit monitoring activity or the calculation of liability.

Nodal Protocol Revision Requests (NPRRs):

- **NPRR365 – Change in Resource Outage Approvals from Eight to 45 Days (formerly “Change in Resource Outage Approvals from Eight to 90 Days”) [ERCOT] – URGENT.**
Proposed Effective Date: Upon System Implementation – Priority Critical; Rank 7.5.
ERCOT Impact Analysis: \$100 to 120k (system implementation cost); \$240 to 260k (annual recurring O&M budget cost); two full-time equivalents (FTEs) required in ERCOT

Outage Coordination; impacts to Outage Scheduler (OS) and Web Applications; updates to ERCOT Outage Coordination business processes and procedures; grid operations will benefit from decrease re-coordination.

Revision Description: This NPRR revises the deadline for ERCOT approval of Resource Outages from an eight-day notice to a 45-day notice while aligning the new Resource Outage timelines to match those of Transmission Outages. (Consistent with Recommendation 6B of the March 15, 2011, Report of the Rotating Blackout Operations Task Force of the ERCOT Board.)

TAC Action: On September 1, 2011, TAC voted to recommend approval of NPRR365 as recommended by the Protocol Revision Subcommittee (PRS) in the August 18, 2011 PRS Report and as revised by TAC via roll call vote. TAC then voted to recommend a priority of Critical and rank of 7.5 for NPRR365. There was one (1) abstention from the Independent Generator Market Segment.

- **NPRR379 – EILS Dispatch Sequence and Performance Criteria Upgrades [ERCOT].**

Proposed Effective Date: October 1, 2011 and Upon System Implementation (for grey-boxed sections) – Priority High; Rank 14.5.

ERCOT Impact Analysis: \$55 to 65k; no impacts to ERCOT staffing; impacts to Enterprise Integration (EI), Market Management System (MMS), Enterprise Information Services (EIS), and Market Information System (MIS); update of ERCOT's demand response functions; update to ERCOT grid operations procedures and additional training for system operations.

Revision Description: This NPRR improves the operational value of EILS, and strengthens and clarifies a number of performance criteria for EILS.

TAC Decision: On August 4, 2011, TAC voted to recommend approval of NPRR379 as amended by the August 2, 2011 ERCOT comments. There was one (1) abstention from the Independent Power Marketer (IPM) Market Segment.

- **NPRR396 – Reduce Standard O&M Costs [City of Eastland] – URGENT.**

Proposed Effective Date: October 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 reduces the standard O&M costs permitted to be used in lieu of actual, verifiable O&M costs by NPRR225, Standard Cost Option in Verifiable Costs, which was approved by the ERCOT Board in June 2010.

TAC Action: On September 1, 2011, TAC voted to recommend approval of NPRR396 as recommended by PRS in the August 18, 2011 PRS Report and as amended by the August 26, 2011 Austin Energy comments. There was one (1) abstention from the Independent Generator Market Segment.

Parking Deck NPRRs – Impact Assessments:

- **NPRR207 – Unit Deselection (formerly “Hour Start Unit Deselection and Half Hour Start Unit RUC Clawback”) [WMS].**

Effective Date: Upon System Implementation – Priority 2012; Rank 19.

ERCOT Impact Analysis: \$50 to 55k; no ERCOT staffing impacts; impacts to MMS; no

impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR provides that ERCOT may deselect units from RUC; creates the term “RUC Notification” to refer to an ERCOT instruction preceding a Resource’s startup time; and enables the QSE to self-commit, a Resource after receiving a RUC Notification but before the Resource’s startup time.

TAC Decision: On September 1, 2011, TAC voted to recommend approval of the impact assessment for NPRR207 as recommended by PRS in the August 18, 2011 PRS Report – Impact Assessment. There was one (1) abstention from the IPM Market Segment.

- **NPRR210 – Wind Forecasting Change to P50, Synchronization with PRR841 [Morgan Stanley].**

Effective Date: Upon System Implementation – Priority 2013; Rank 24.

ERCOT Impact Analysis: \$45 to 55k; no ERCOT staffing impacts; impacts to Energy Management System (EMS), MMS, Settlements & Billing (S&B), Commercial System Integration (CSI), and EIS; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR changes the wind forecasting methodology to use a 50% probability of exceedance calculation instead of an 80% for RUC considerations.

TAC Decision: On September 1, 2011, TAC voted to recommend approval of the impact assessment for NPRR210 as recommended by PRS in the July 21, 2011 PRS Report – Impact Assessment. There was one (1) abstention from the IPM Market Segment.

- **NPRR222 – Half-Hour Start Unit RUC Clawback (Companion to NPRR207) [WMS].**

Effective Date: Upon System Implementation – Priority 2012; Rank 16.

ERCOT Impact Analysis: \$15 to 20k; no ERCOT staffing impacts; impacts to CSI and S&B; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR removes RUC Clawback on all Half-Hour Start Units that participate in the Day-Ahead Market (DAM) and during Energy Emergency Alert (EEA) events. This NPRR also changes the RUC Clawback on all Half-Hour Start Units that did not participate in the DAM to 50%.

TAC Decision: On September 1, 2011, TAC voted to recommend approval of the impact assessment for NPRR222 as recommended by PRS in the June 23, 2011 PRS Report – Impact Assessment. There was one (1) abstention from the IPM Market Segment.

- **NPRR240 – Proxy Energy Offer Curve [Potomac Economics].**

Effective Date: Upon System Implementation – Priority 2013; Rank 27.

ERCOT Impact Analysis: \$50 to 60k; no ERCOT staffing impacts; impacts to MMS and EIS; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR states that the Entity with decision making authority over how a Resource or Split Generation Resource is offered or scheduled shall be responsible for all offers associated with each Resource, including offers represented by a proxy Energy Offer Curve.

TAC Decision: On September 1, 2011, TAC voted to recommend approval of the impact assessment for NPRR240 as recommended by PRS in the July 21, 2011 PRS Report –

Impact Assessment. There was one (1) abstention from the IPM Market Segment.

- **NPRR241 – AIL Calculation and Credit Reports Publish Corrections [ERCOT].**

Effective Date: Upon System Implementation – Priority 2013; Rank 25.

ERCOT Impact Analysis: \$100 to 120k; no impacts to ERCOT staffing; impacts to Credit Monitoring and Management System (CMM); no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR updates the AIL calculation to reflect Max (Average Daily Transaction Extrapolated (ADTE) during the previous 60-day period) instead of ADTE to match Estimated Aggregate Liability (EAL) calculation; removes Flowgate Rights (FGRs)-related Credit Monitoring and Management Report; corrects Credit Monitoring and Management Reports format from Extensible Markup Language (XML) to Microsoft Excel (XLS) format; and updates the posting requirements of Future Credit Exposure (FCE) Details Reports.

TAC Decision: On September 1, 2011, TAC voted to recommend approval of the impact assessment for NPRR241 as recommended by PRS in the 6/23/11 PRS Report – Impact Assessment. There was one (1) abstention from the IPM Market Segment.

- **NPRR244 – Clarification of Other Binding Documents [ERCOT].**

Effective Date: Upon System Implementation.

ERCOT Impact Analysis: \$10 to 15k (O&M budget); no ERCOT staffing impacts; impacts to ERCOT.com and MIS; update of ERCOT business functions to accommodate this NPRR; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR clarifies the concept of “Other Binding Documents” and the revision process to better align with item (j) of the Public Utility Regulatory Act, TEX. UTIL. CODE ANN. § 39.151 (Vernon 1998 & Supp. 2007) (PURA), Essential Organizations, and P.U.C. SUBST. R. 25.503, Oversight of Wholesale Market Participants, with respect to governing documents that are public and in effect in the ERCOT Region. This NPRR also adds a requirement for ERCOT to post certain business procedure documents to the MIS Public Area.

TAC Decision: On September 1, 2011, TAC voted to recommend approval of the impact assessment for NPRR244 as recommended by PRS in the July 21, 2011 PRS Report – Impact Assessment. There was one (1) abstention from the IPM Market Segment.

- **NPRR256 – Synchronize Nodal Protocols with PRR787, Add Non-Compliance Language to QSE Performance Standards (formerly “Add Violation Language to QSE Performance Standards”) [Luminant Energy].**

Effective Date: Upon System Implementation – Priority 2013; Rank 26.

ERCOT Impact Analysis: \$120 to \$135k; no ERCOT staffing impacts; impacts to EIS; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR aligns the Nodal Protocols with changes implemented from Protocol Revision Request (PRR) 787, Add Non-Compliance Language to QSE Performance Standards (formerly “Add Violation Language to QSE Performance Standards”), approved by the ERCOT Board on August 18, 2009, and addresses the exclusion of Generation Resource Energy Deployment Performance (GREDP) during testing periods.

TAC Decision: On September 1, 2011, TAC voted to recommend approval of the impact assessment for NPRR256 as recommended by PRS in the June 23, 2011 PRS Report – Impact Assessment. There was one (1) abstention from the IPM Market Segment.

- **NPRR272 – Definition and Participation of Quick Start Generation Resources [ERCOT].**

Effective Date: Upon System Implementation – Priority 2012; Rank 18.

ERCOT Impact Analysis: \$145 to \$160k; no ERCOT staffing impacts; impacts to EMS, MMS, CSI, S&B, Current Day Reports (CDR), and EIS; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR provides language for effective participation of Quick Start Generation Resources (QSGRs) in Security-Constrained Economic Dispatch (SCED).

TAC Decision: On September 1, 2011, TAC voted to recommend approval of the impact assessment for NPRR272 as recommended by PRS in the July 21, 2011 PRS Report – Impact Assessment. There was one (1) abstention from the IPM Market Segment.

The TAC Reports, Impact Analyses, and Cost Benefit Analyses (if applicable) for NPRRs 365, 379 and 396; and Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272 are included in the ERCOT Board meeting materials which can found on the following link: <http://www.ercot.com/calendar/2011/08/20110816-BOD>.

In addition, NPRRs 365, 379 and 396; and Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272 and supporting materials are posted on the ERCOT website at the following links: <http://www.ercot.com/mktrules/nprotocols/npr>.

Key Factors Influencing Issue:

The PRS met, discussed the issues, and submitted reports to TAC regarding NPRRs 365, 379 and 396; and Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272, described herein. TAC considered the issues and voted to take action on NPRRs 365 and 396; and Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272, as described above.

Alternatives:

1. Approve the TAC recommendation on NPRRs 365, 379 and 396; and/or Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272, as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation on NPRRs 365, 379 and 396; and/or Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272;
3. Defer decision on the TAC recommendation on NPRRs 365, 379 and 396; and/or Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272; or
4. Remand NPRRs 365, 379 and 396; and/or Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 365, 379 and 396; and Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272 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) and Parking Deck NPRRs:

- NPRR365 – Change in Resource Outage Approvals from Eight to 45 Days (formerly “Change in Resource Outage Approvals from Eight to 90 Days”) – URGENT
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THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRRs 365, 379 and 396; and Parking Deck NPRRs 207, 210, 222, 240, 241, 244, 256, and 272.

CORPORATE SECRETARY’S CERTIFICATE

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its September 20, 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 September, 2011.

Bill Magness
Corporate Secretary