



Date: October 11, 2011
To: Board of Directors
From: Brad Jones, Technical Advisory Committee (TAC) Chair
Subject: Unanimous Revision Requests

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: October 18, 2011

Agenda Item No.: 7a

Issue:

Consideration of the following Revision Requests unanimously recommended for approval by TAC:

- NPRR364 – Clarify Active and Inactive Security Constrained Economic Dispatch (SCED) Constraint Reporting
- NPRR370 – Supplementary Ancillary Services Market (SASM) Modifications
- NPRR389 – Modification of Voltage Support Requirements to Address Existing Non-Exempt Wind-Powered Generation Resources (WGRs)
- NPRR391 – Shortening Real-Time Market (RTM) Settlement and Payment Timeline and Eliminate Automated Clearing House (ACH) as a Mode of Payment
- NPRR400 – Eliminate Unsecured Credit for Congestion Revenue Right (CRR) Auctions and for Future Credit Exposure and Eliminate Netting of Future Credit Exposure (FCE) with Current Credit Exposure (CCE) – 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 (Credit WG) have reviewed the revision request and do not believe it requires changes to credit monitoring activity or the calculation of liability.

- **NPRR364 – Clarify Active and Inactive SCED Constraint Reporting [ERCOT].**

Proposed Effective Date: November 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 reporting requirements for SCED constraints and aligns the Protocols with current practices.

TAC Decision: On September 1, 2011, TAC unanimously voted to recommend approval of NPRR364 as recommended by the Protocol Revision Subcommittee (PRS) in the August 18, 2011 PRS Report.

- **NPRR370 – SASM Modifications [Morgan Stanley].**

Proposed Effective Date: November 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 corrects the SASM to eliminate the notice periods when

ERCOT needs to strike a SASM for Ancillary Services that are undeliverable or the result of a Qualified Scheduling Entity's (QSE's) failure to provide the service.

Procedural History: On September 1, 2011, TAC unanimously voted to recommend approval of NPRR370 as recommended by PRS in the August 18, 2011 PRS Report.

- **NPRR389 – Modification of Voltage Support Requirements to Address Existing Non-Exempt WGRs [ERCOT].**

Proposed Effective Date: November 1, 2011.

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

Revision Description: This NPRR clearly defines the Reactive Power capability requirements for WGRs that commenced operation on or after February 17, 2004, and have a signed Standard Generation Interconnection Agreement (SGIA) on or before December 1, 2009 (Existing Non-Exempt WGRs).

Procedural History: On September 1, 2011, TAC unanimously voted to recommend approval of NPRR389 as amended by the August 26, 2011 E. ON comments and as revised by TAC.

- **NPRR391 – Shortening RTM Settlement and Payment Timeline and Eliminate ACH as a Mode of Payment [ERCOT].**

Proposed Effective Date: December 1, 2011 for all language except for grey-boxed language in Section 9.7.1, which will be upon system implementation.

ERCOT Impact Analysis: No budgetary impact; no impacts to ERCOT staffing; impacts to Settlements and Billing (S&B) data configuration; minor impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR shortens the posting timeline for the Real-Time Initial Statement by one Business Day, and shortens cash clearing for the Settlement Invoices in which it will be included by one Bank Business Day. This NPRR also eliminates the option of making payments using ACH funds.

Procedural History: On September 1, 2011, TAC unanimously voted to recommend approval of NPRR391 as recommended by PRS in the August 18, 2011 PRS Report. Positive credit implications.

- **NPRR400 – Eliminate Unsecured Credit for CRR Auctions and for Future Credit Exposure and Eliminate Netting of FCE with CCE [ERCOT] – URGENT.**

Proposed Effective Date: Upon System Implementation – Priority Critical; Rank 9.44.

ERCOT Impact Analysis: \$230 to 255k; no impacts to ERCOT staffing; impacts to Credit Monitoring and Management (CMM), Information Services Master (ISM) and MIS; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR requires that the FCE component of the collateral calculation and the CRR Auction credit limit be collateralized with cash, letter of credit or a surety bond. This NPRR also eliminates netting of FCE with CCE for all Counter-Parties.

TAC Decision: On October 6, 2011, TAC unanimously voted to recommend approval of NPRR400 as recommended by PRS in the September 22, 2011 PRS Report, as amended by the October 5, 2011 ERCOT comments and as revised by TAC. Positive credit implications.



The TAC Reports and Impact Analyses for these Revision Requests are included in the ERCOT Board meeting materials which can be found at the following link: <http://www.ercot.com/calendar/2011/10/20111018-BOD>.

In addition, these Revision Requests 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 reports to TAC regarding NPRRs 364, 370, 389, 391 and 400 described herein. TAC considered the issues and voted to take action on NPRRs 364, 370, 389, 391 and 400 as described above.

Alternatives:

1. Approve the TAC recommendation on NPRRs 364, 370, 389, 391 and/or 400, as described above or as modified by the ERCOT Board;
2. Reject the TAC recommendation on NPRRs 364, 370, 389, 391 and/or 400;
3. Defer decision on the TAC recommendation on NPRRs 364, 370, 389, 391 and/or 400; or
4. Remand NPRRs 364, 370, 389, 391 and/or 400 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 364, 370, 389, 391 and 400 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):

- NPRR364 – Clarify Active and Inactive Security Constrained Economic Dispatch (SCED) Constraint Reporting
- NPRR370 – Supplementary Ancillary Services Market (SASM) Modifications
- NPRR389 – Modification of Voltage Support Requirements to Address Existing Non-Exempt Wind-Powered Generation Resources (WGRs)
- NPRR391 – Shortening Real-Time Market (RTM) Settlement and Payment Timeline and Eliminate Automated Clearing House (ACH) as a Mode of Payment
- NPRR400 – Eliminate Unsecured Credit for Congestion Revenue Right (CRR) Auctions and for Future Credit Exposure and Eliminate Netting of Future Credit Exposure (FCE) with Current Credit Exposure (CCE)

THEREFORE, BE IT RESOLVED, that the ERCOT Board hereby approves NPRRs 364, 370, 389, 391 and 400.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its October 18, 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 October, 2011.

Vickie G. Leady
Assistant Corporate Secretary