



**Date:** February 14, 2012  
**To:** Board of Directors  
**From:** John Dumas, ERCOT Director of Wholesale Markets Operations  
**Subject:** Proposed Price Correction for DC\_N Settlement Point (November 24, 2011)

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** February 21, 2012

**Agenda Item No.:** 08

**Issue:**

Pursuant to paragraph 4 of Nodal Protocol Section 6.3, Adjustment Period and Real-Time Operations Timeline, whether the ERCOT Board of Directors (Board) should approve price corrections for Real-Time Locational Marginal Prices (LMPs) and Settlement Point Prices for Operating Day November 24, 2011 for de-energized Settlement Point DC\_N which became de-energized due to a software and data error.

**Background/History:**

ERCOT data indicates that Real-Time LMPs and Settlement Point Prices for Operating Day November 24, 2011 were significantly affected by a software and data error. Specifically, with respect to the software error, exports across the DC Tie are modeled as load and imports are modeled as generation. The Real-Time software calculation opened a breaker connecting the DC Tie load when there was not any export across the DC Tie. This caused the DC Tie load zone Electrical Bus to be erroneously marked as dead even though it was physically connected. With respect to the data error, ERCOT created a heuristic table (based upon Nodal Protocol Revision Request 339) for the DC Tie North in October 2011 to better determine an LMP when Electrical Buses were de-energized at that Settlement Point. However, the two Electrical Buses that the DC Tie North was mapped to in the heuristic table were also de-energized due to Outage and contingency. This data error resulted in incorrect Real-Time LMPs and Settlement Point Prices at DC Tie North for 21 Settlement Intervals during the affected Operating Day. Additional data in the heuristic table could have provided an appropriate price at DC Tie North when it was de-energized. The software error in combination with the data error in the heuristic table resulted in price errors on the impacted Operating Day.

Paragraph 4 of Protocol Section 6.3 states the following:

All Real-Time LMPs, SASM MCPCs, and Real-Time Settlement Point Prices are final at 1600 of the next Business Day after the Operating Day. After Real-Time LMPs, SASM MCPCs, and Real-Time Settlement Point Prices are final, if ERCOT determines that prices are in need of correction, it shall notify Market Participants and describe the need for such correction. Real-Time LMPs, SASM MCPCs, and Real-Time Settlement Point Prices cannot be changed unless the ERCOT Board finds that the Real-Time LMPs, SASM MCPCs, or Real-Time



Settlement Point Prices are significantly affected by a software or data error.

To allow for any appeal of the Board's decision, ERCOT staff would begin resettlement of the impacted Operating Day no earlier than 36 days after the Board issues a Resolution authorizing these price corrections.

Exhibits A – C, which will be posted to the Board's webpage on the ERCOT website, are ERCOT staff's recommended price corrections for Real Time LMPs and Settlement Point Prices for Operating Day November 24, 2011. The corrected prices utilize the price at Electrical Bus DCTM\_V\_A.

**Key Factors Influencing Issue:**

Due to a software and data error, the prices at the DC Tie North Settlement Point were inaccurately assigned, which resulted in inappropriate Real-Time LMPs and Settlement Point Prices for 21 Settlement Intervals of Operating Day November 24, 2011. Since these prices are considered final under the ERCOT Protocols, ERCOT staff recommends that the Board approve price corrections for the affected Real-Time Settlement Intervals.

**Conclusion/Recommendation:**

As more specifically described above, ERCOT staff recommends that the Board approve the price correction of Real-Time LMPs and Settlement Point Prices for Operating Day November 24, 2011, for de-energized the DC Tie North Settlement Point which was assigned inaccurate prices due to a software and data error.



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

WHEREAS, paragraph 4 of Nodal Protocol Section 6.3, Adjustment Period and Real-Time Operations Timeline, authorizes the ERCOT Board of Directors (Board) to order price corrections only upon a finding that Real-Time LMPs, Supplemental Ancillary Services Market (SASM) Market Clearing Prices for Capacity (MCPCs), and Real-Time Settlement Point Prices have been significantly affected by an error;

WHEREAS, the Board deems it desirable and in the market's best interest to correct Real-Time LMPs and Settlement Point Prices for Operating Day November 24, 2011, for de-energized the DC Tie North Settlement Point which was assigned inaccurate prices due to a software and data error;

THEREFORE BE IT RESOLVED, that the Board hereby authorizes ERCOT staff to implement the price corrections reflected in the attached Exhibits A – C no earlier than 36 days after the date this Resolution is adopted.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its February 21, 2012 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Bill Magness  
Corporate Secretary