

Date: April 9, 2012
To: ERCOT Board of Directors
From: Kenan Ogelman, Technical Advisory Committee (TAC) Chair
Subject: Revision Requests with Opposing Votes

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: April 16-17, 2012

Agenda Item No.: 13a

Issue:

Consideration of the following Revision Requests recommended for approval by TAC which had opposing votes recorded:

- NPRR327, State Estimator Data Redaction Methodology
- NPRR405, Clarification of DC Tie Load into Operational Systems and Processes
- NPRR450, Revise Requirements for Contracts to Procure Additional Capacity to Alleviate Emergency Conditions – URGENT
- NPRR451, Implementation of New P.U.C. Subst. Rule 25.507, Electric Reliability Council of Texas (ERCOT) Emergency Response Service (ERS) - 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.

- ***NPRR327, State Estimator Data Redaction Methodology [ERCOT].***

Revision Description: This NPRR inserts language to define a redaction methodology for the posting of State Estimator data.

Proposed Effective Date: Upon System Implementation and fulfillment of ERCOT staffing requirements – Priority 2012; Rank 480

ERCOT Impact Analysis: \$155k - \$175k (system implementation); \$125k – \$135k (annual Operations and Maintenance (O&M)); staffing impacts of one full-time equivalent (FTE) for Operations Support department; system impacts to Energy Management System (EMS), Current Day Reports (CDR), Market Information System (MIS), Information Systems Master (ISM), and Network Modeling and Management System (NMMS); ERCOT business functions will need to be updated to implement the posting and redaction requirements; no impacts to ERCOT grid operations or practices.

ERCOT Opinion: As stated in the 2/27/12 ERCOT comments, ERCOT supports the value in transparency that the State Estimator reports created by NPRR327 will provide to the market to help identify solutions to recurring congestion and model errors.

TAC Decision: On 3/1/12, TAC voted via roll call vote to recommend approval of NPRR327 as recommended by PRS in the 12/15/11 PRS Report, as amended by the 2/29/12 Joint Luminant Energy Company LLC and ERCOT comments and as revised by TAC. There were two opposing votes from the Independent Generator Market Segment.

- ***NPRR405, Clarification of DC Tie Load into Operational Systems and Processes [EDF Trading North America].***
Revision Description: This NPRR clarifies that Direct Current Tie (DC Tie) exports are to be treated as Load.
Proposed Effective Date: May 1, 2012
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.
ERCOT Opinion: ERCOT supports Market Participants' desire to make operational decisions about the DC Ties closer to Real-Time and to cut the DC Ties in emergency situations when it is necessary. ERCOT does not have an opinion on the Settlement of DC Tie exports.
TAC Decision: On 2/2/12, TAC voted to recommend approval of NPRR405 as recommended by PRS in the 11/17/11 PRS Report, as amended by the 1/27/12 CPS Energy comments, and as revised by TAC. There were two opposing votes from the Consumer Market Segment.
- ***NPRR450, Revise Requirements for Contracts to Procure Additional Capacity to Alleviate Emergency Conditions [ERCOT] - URGENT.***
Revision Description: The NPRR revises the process approved in NPRR432, Deployment of Resources to Alleviate Anticipated Emergency Conditions, for execution of contracts with Resources to alleviate anticipated Emergency Conditions. Consistent with the ERCOT Board's discussion at its February 2012 meeting, this NPRR provides that such contracts may be executed by ERCOT, subject to the Notice provisions already included in NPRR432; and adds language that ERCOT will provide notice to the ERCOT Board of executed contracts at the first ERCOT Board meeting after the contract is signed. This provision is consistent with the notice to the ERCOT Board provided for Reliability Must Run (RMR) Agreements under Section 3.14.1.3, ERCOT Report to Board on Signed RMR Agreements.
Proposed Effective Date: May 1, 2012
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.
ERCOT Opinion: ERCOT supports approval of NPRR450.
TAC Decision: On 4/5/12, TAC voted to recommend approval of NPRR450 as recommended by PRS in the 3/22/12 PRS Report. There was one opposing vote from the Independent Retail Electric Provider (IREP) Market Segment.
- ***NPRR451, Implementation of New P.U.C. Subst. Rule 25.507, Electric Reliability Council of Texas (ERCOT) Emergency Response Service (ERS) [ERCOT] - URGENT.***
Revision Description: This NPRR is required to implement the provisions of the newly revised P.U.C. SUBST. R. 25.507, Electric Reliability Council of Texas (ERCOT) Emergency Interruptible Load Service (EILS). Project 39948, Rulemaking to Electric Reliability Council of Texas (ERCOT) Emergency Interruptible Load Service (EILS), was adopted by the Public Utility Commission of Texas (PUCT) on March 22, 2012.**Proposed**

Effective Date: June 1, 2012

ERCOT Impact Analysis: Less than \$5k (O&M budget); ERCOT staffing impacts absorbed by current staff; impacts to MIS and ERCOT.com; ERCOT Demand Response business functions to be updated; ERCOT grid operations procedures to be updated and training of system operators.

ERCOT Opinion: ERCOT supports approval of NPRR451.

TAC Decision: On 4/5/12, TAC recommended approval of NPRR451 as recommended by PRS in the 3/29/12 PRS Report and as amended by the 4/3/12 ERCOT comments. There was one opposing vote from the Independent Power Marketer (IPM) Market Segment.

The TAC Reports and Impact Analyses for these Revision Requests are included in the ERCOT Board meeting materials which can found at the following link:

<http://www.ercot.com/calendar/2012/02/20120221-BOD>

In addition, these Revision Requests 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 327, 405, 450, and 451 described herein. TAC considered the issues and voted to take action on NPRRs 327, 405, 450, and 451 as described above.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 327, 405, 450, and 451 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 the following Revision Requests:

- NPRR327, State Estimator Data Redaction Methodology
- NPRR405, Clarification of DC Tie Load into Operational Systems and Processes
- NPRR450, Revise Requirements for Contracts to Procure Additional Capacity to Alleviate Emergency Conditions – URGENT
- NPRR451, Implementation of New P.U.C. Subst. Rule 25.507, Electric Reliability Council of Texas (ERCOT) Emergency Response Service (ERS) – URGENT

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRRs 327, 405, 450, and 451.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its April 16-17, 2012 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of April, 2012.

Vickie G. Leady
Assistant Corporate Secretary