

Date: June 12, 2012
To: ERCOT Board of Directors
From: Kenan Ogelman, Technical Advisory Committee (TAC) Chair
Subject: Unopposed Revision Requests

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: June 19, 2012

Agenda Item No.: 02

Issue:

Consideration of the following Revision Requests recommended for approval by TAC (with no opposing votes recorded):

- NPPR453, Separation of Year 1 and Year 2 of the Annual CRR Auctions by Timing – URGENT
- NPPR463, CRR Auction Structure Enhancements – 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.

- ***NPPR453, Separation of Year 1 and Year 2 of the Annual CRR Auctions by Timing [ERCOT] - URGENT.***

Revision Description: This NPPR outlines the Protocol changes needed to allow ERCOT to execute each year of the two-year annual Congestion Revenue Right (CRR) Auctions in separate bid and credit windows for each year to relieve market credit and improve the ability of ERCOT to efficiently execute and analyze the results.

Proposed Effective Date: August, 1 2012

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

ERCOT Opinion: ERCOT supports approval of NPPR453.

TAC Decision: On 6/7/12, TAC unanimously voted to recommend approval of NPPR453 as recommended by PRS in the 5/17/12 PRS Report and to grant NPPR453 Urgent status.

- ***NPPR463, CRR Auction Structure Enhancements [DC Energy] - URGENT.***

Revision Description: This NPPR replaces the annual CRR Auction with a semi-annual sequence of four consecutive six-month CRR Auctions selling CRRs up to two years in the future, scheduled according to a TAC-approved calendar.

Proposed Effective Date: Upon System Implementation – Priority 2012; Rank 685

ERCOT Impact Analysis: \$90k - \$110k; ERCOT staffing impacts of one full-time employee (FTE); impacts to CRR and Settlements & Billing (S&B); ERCOT business functions will be updated; no impacts to ERCOT grid operations or practices.

ERCOT Opinion: ERCOT supports approval of NPPR463 as it improves credit

management, provides opportunity for more bids (200k bids per 6 month auction vs 200k bids per 12 month auction), and allows Market Participants more options and flexibility on buying and selling CRRs between annual and monthly sequences.

TAC Decision: On 6/7/12, TAC voted to recommend approval of NPRR463 as recommended by PRS in the 5/17/12 PRS Report and as amended by the 6/5/12 ERCOT comments and to endorse and forward the Impact Analysis with a recommended priority of 2012 and rank of 685. There were two abstentions from the Independent Retail Electric Provider (IREP) Market Segment. *See 5/31/12 Credit Work Group comments.*

The TAC Reports and Impact Analyses for NPRRs 453 and 463 are included in the ERCOT Board meeting materials which can found at the following link:

<http://www.ercot.com/calendar/2012/06/20120619-BOD>

In addition, these NPRRs and supporting materials are posted on the ERCOT website at the following link:

<http://www.ercot.com/mktrules/nprotocols/npr>

Key Factors Influencing Issue:

The PRS met, discussed the issues, and submitted a report to TAC regarding NPRRs 453 and 463 as described herein. TAC considered the issues and voted to take action on NPRRs 453 and 463 as described above.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 453 and 463 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 Nodal Protocol Revision Requests (NPRRs):

- NPRR453, Separation of Year 1 and Year 2 of the Annual CRR Auctions by Timing – URGENT; and
- NPRR463, CRR Auction Structure Enhancements – URGENT

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRRs 453 and 463 as recommended in the June 7, 2012 Technical Advisory Committee (TAC) Reports.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its June 19, 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 June, 2012.

Vickie G. Leady
Assistant Corporate Secretary