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# TAC Update

Kenan Ogelman and Bob Wittmeyer  
TAC Chair and Vice Chair

**ERCOT Board of Directors Meeting**

**June 19, 2012**

**ERCOT Public**

# Summary of TAC Update

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## **Revision Requests Recommended for Approval by TAC - Unopposed (Vote):**

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

## **Revision Requests Recommended for Approval by TAC – (With Opposing Votes) (Vote):**

- Impact Assessment for Parking Deck NPRR260, Providing Access to MIS Secure Area to MIS Registered Users

## **June TAC Highlights**

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**Revision Requests Recommended  
for Approval by TAC  
(Unopposed)**

# NPRR453, Separation of Year 1 and Year 2 of the Annual CRR Auctions by Timing - URGENT

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|---------------------------------|--|
| <b>Purpose</b><br>(ERCOT)       | This NPRR 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.   |
| <b>TAC Vote</b>                 | On 6/7/12, TAC unanimously voted to recommended approval of NPRR453 as recommended by PRS in the 5/17/12 PRS Report.   |
| <b>ERCOT Opinion</b>            | ERCOT supports approval of NPRR453.  |
| <b>Effective Date/Priority</b>  | July 1, 2012   |
| <b>ERCOT Impact</b>             | No system impact; ERCOT will update business practices.  |
| <b>Business Case Highlights</b> | <ul style="list-style-type: none"> <li>• For both MPs and ERCOT, this breaks apart the doubled-up CRR Auction activities that currently create a coincident peak of credit posting, market bid submissions, and execution run times that can be more effectively separated into two windows for the Year 1 and the Year 2 annual CRR Auction.</li> <li>• With the potential credit relief, CRR Account Holders may buy more CRRs and increase revenue to Load from CRR Auctions.</li> <li>• ERCOT CRR operators have less risk in being able to complete and validate both CRR Auctions on time.</li> <li>• Collateral relief from a coincident peak of market credit posting of \$1.6 billion for more than three weeks.</li> </ul> |

# NPRR463, CRR Auction Structure Enhancements - URGENT

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|---------------------------------|--|
| <b>Purpose</b><br>(DC Energy)   | This NPRR 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. A proposed initial calendar for TAC consideration will be discussed in parallel to this NPRR.   |
| <b>TAC Vote</b>                 | On 6/7/12, TAC voted to recommended 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 IREP Market Segment  |
| <b>ERCOT Opinion</b>            | ERCOT supports approval of NPRR463 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.  |
| <b>Effective Date/Priority</b>  | Upon system implementation – Priority 2012; Rank 685   |
| <b>ERCOT Impact</b>             | \$90k - \$110k (system implementation); one new FTE in the CRR department (ongoing O&M); impacts to the CRR and S&B systems; updated business processes.   |
| <b>Business Case Highlights</b> | <ul style="list-style-type: none"> <li>• Enhances liquidity in CRR Auctions by allowing any given date range of CRR products to be sold five times, rather than three times as is today.</li> <li>• More frequent market valuation &amp; price discovery of CRR products helps MPs better understand evolving valuation &amp; risk of their holdings &amp; may serve as future basis to inform credit calculations.</li> <li>• Eliminates currently severe spikes in credit requirement &amp; MP/ERCOT workload driven by the annual CRR Auction by spreading out capacity release over time.</li> <li>• NPRR may provide some relief in cases of oversubscription of the 200k transaction limit by reducing number of months covered by any multi-month CRR Auction optimization from 12 to six.</li> </ul> |

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**Revision Requests Recommended  
for Approval by TAC  
(With Opposing Vote(s))**

# Impact Assessment for NPRR260, Providing Access to MIS Secure Area to MIS Registered Users

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|------------------------------------|--|
| <b>Purpose</b><br>(Crescent Power) | This NPRR adds "Independent Market Information System Registered Entity (IMRE)" to Section 2.1 and Section 22. By doing so, the Standard Form Market Participant Agreement would bind IMREs to the Nodal Protocols and, in particular, provisions in Section 16.12.  |
| <b>TAC Vote</b>                    | On 4/5/12, TAC voted to recommend approval of the impact assessment for NPRR260 as recommended by PRS in the 3/22/12 PRS Report – Impact Assessment. There were two opposing votes from the IOU and Cooperatives.  |
| <b>ERCOT Opinion</b>               | As stated in the 3/21/12 ERCOT comments, ERCOT supports approval of the NPRR260 impact assessment as it provides improved market data transparency and it will also support an ERCOT project to decommission the Planning & Operations Information website.  |
| <b>Effective Date/Priority</b>     | Upon system implementation – Priority 2012; Rank 140   |
| <b>ERCOT Impact</b>                | \$140k - \$220k (system implementation); \$120k - \$130k (O&M) for one FTE in Enterprise Information Management department; impacts to ERCOT.com, MIS, Registration, MPIM, EI, EIS.  |
| <b>Business Case Highlights</b>    | <ul style="list-style-type: none"> <li>• Improved market data transparency.</li> <li>• Potential improvement for transmission planning.</li> <li>• Provides more accurate information for hedging.</li> <li>• Facilitates efforts to integrate new technologies into market.</li> <li>• Allows consultants to provide network models, price forecasts, transmission planning, and other services that help MPs better manage market activities.</li> <li>• MPs will have more options for reducing risk &amp; delivering options to Customers.</li> <li>• Enables universities access to data for forecasting analysis.</li> </ul> |

# Notice of Guide Revisions Approved by TAC – June

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## **NOGRR088, Synchronization with NPR424, Reactive Capability Testing Requirements for IRRs.**

This NOGRR synchronizes the Nodal Operating Guides with NPRR424, which defines the reactive capability testing requirement for Intermittent Renewable Resources.

## **NOGRR092, Synchronization with NPRR451, Implementation of New P.U.C. Subst. Rule 25.507 .**

This NOGRR synchronizes the Nodal Operating Guides with NPRR451, which implements provisions of P.U.C. SUBST. R. 25.507, Electric Reliability Council of Texas (ERCOT) Emergency Response Service (ERS).



## June TAC Highlights

- TAC unanimously approved revisions to the ICCP Handbook to incorporate updates for the implementation of various revision requests.
- TAC unanimously approved the Annual Validation Update to the Profile Decision Tree.
- 30-Minute Emergency Response Service (ERS) Pilot Project
  - TAC voted via roll call vote that based on the discussion held at the 6/7/12 TAC meeting, TAC believes the cost of the 30-Minute ERS Pilot will likely exceed any operational or technical benefits that will be gained; therefore, to lessen the cost, TAC recommends the size of the 30-Minute ERS Pilot be limited to no more than 30 MW. There were 17 votes in favor, five opposing votes (Cooperative [4] and Industrial Consumer [1]) and six abstentions (Municipal, Generator, Commercial Consumer, Independent Retail Electric Provider and Independent Power Marketer [2]).
- TAC agreed to schedule a special TAC meeting on 6/20/12 to discuss potential changes to the Power Balance Penalty Curve as the Public Utility Commission of Texas (PUCT) requested stakeholder input at a recent PUCT Open Meeting.

## Future Agenda Items

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- NPRR443, Removal of Switchable Generation Resource Plans from Protected Information
- NPRR445, DC Tie Load Zone Price Clarification
- NPRR446, Correction of Non-Spin Ancillary Service Schedule Telemetry for Standing Non-Spin Deployment
- NPRR447, Remove Day- Ahead QSE Requested Decommit Language
- NPRR452, Clarification of Reactive Power Requirements
- NPRR454, Removal of Unfunded Project List Language
- NPRR456, Clarification of Definition of Electrically Similar Settlement Points and Heuristic Pricing Posting
- NPRR457, Daily Update of New ESI IDs and AMS Meter and Switch Hold Indicators Changes
- PGRR017, New Planning Guide Section 6.1, Steady-State Model Development