



To: Finance and Audit (F&A) Committee
From: Chad V. Seely, ERCOT Assistant General Counsel
Date: July 9, 2012
Re: Recommendation regarding User Fees – Congestion Revenue Right (CRR) Account Holder and Independent Market Information System Registered Entity (IMRE) Application Fees

The attached presentation regarding two proposed, new user fees – that is, CRR Account Holder and IMRE Application Fees – was provided to the Board of Directors (Board) last month at its June 19, 2012 meeting.

At the July 16, 2012 F&A Committee meeting, ERCOT staff will be requesting that the F&A Committee recommend Board approval of the CRR Account Holder and IMRE Application Fees as recommended by ERCOT management. The Board is scheduled to vote on these proposed user fees at the July 17, 2012 Board meeting. Please refer to Agenda Tab 9.2 of the Board Packet for the decision template on this matter.

I look forward to answering any questions regarding these matters at the July 16, 2012 F&A Committee meeting.



User Fees – Congestion Revenue Right (CRR) Account Holder and Independent Market Information System Registered Entity (IMRE) Application Fees

Chad V. Seely
Assistant General Counsel

Board of Directors Meeting
June 19, 2012

ERCOT Public

- **“User Fees” – P.U.C. Subst. R. 25.363(f)**
 - “ERCOT may charge reasonable user fees for services provided by ERCOT to any market participant or other entity. User fees do not include the system administration fee and the ERCOT nodal implementation surcharge. A new or revised user fee may be approved by the ERCOT governing board, without the filing of an application under § 22.252 of this title (relating to Approval of ERCOT Fees and Rates). . .”
- **Protocol Section 9.16.2, Application Fee**
 - “Each Entity that applies to become a registered Market Participant must pay any applicable application fee under Section 16.”
- **Protocol Section 16, Registration and Qualification of Market Participants**
- **ERCOT Fee Schedule**

Currently Assessed Market Participant Application Fees and Registration Data

- **Qualified Scheduling Entities (QSEs)**

- A Market Participant qualified for communication with ERCOT for Resource Entities and Load Serving Entities (LSEs) and for settling payments and charges with ERCOT.
- Application Fee – \$500 per Entity.
- Approximately 185 QSEs (excluding sub-QSEs) currently registered with ERCOT.
 - For 2011, 45 QSE Applications ($45 \times \$500 = \$22,500$).
 - Through June 1, 2012, 14 QSE Applications ($14 \times \$500 = \$7,000$).

- **Competitive Retailers (CRs)**

- A Retail Electric Provider (REP), or a Municipally Owned Utility (MOU) or an Electric Cooperative (EC) that offers Customer Choice.
- Application Fee – \$500 per Entity.
- Approximately 185 CRs (including sub-CRs) currently registered with ERCOT.
 - For 2011, 22 CR Applications ($22 \times \$500 = \$11,000$).
 - Through June 1, 2012, 11 CR Applications ($11 \times \$500 = \$5,500$).

Request for Additional Market Participant Application Fees

- **Congestion Revenue Right (CRR) Account Holders**

- An Entity that is qualified to become the owner of record of CRRs and is registered as a CRR Account Holder with ERCOT.
- Approximately 200 CRR Account Holders (excluding sub-CRR Account Holders) currently registered with ERCOT.
 - Through June 1, 2012, 11 CRR Account Holder Applications.
- Protocol Section 16.8.2 – CRR Account Holder Application Process
 - “To register as a CRR Account Holder, an applicant must submit to ERCOT a completed CRR Account Holder application and any applicable fee. . . .”
- ERCOT Request: Application Fee – \$500 per Entity.

- **Independent Market Information System Registered Entities (IMREs)**

- A Market Participant that has signed the Standard Form Market Participant Agreement (SFA) and has completed applicable registration and approval for the sole purpose of accessing the Market Information System (MIS) Secure Area.
- IMRE was created to ensure better legal/security protections with non-traditional Market Participant access to MIS. (Nodal Protocol Revision Request (NPRR) 260)
- Protocol Section 16.5 – Registration of IMRE
 - “Each Entity intending to qualify to access ERCOT’s Market Information System (MIS) Secure Area, independent of any other Market Participant role, shall register with ERCOT, including any applicable fee, . . .”
- ERCOT Request: Application Fee – \$500 per Entity.

Background of Nodal Protocol Revision Request (NPRR) 260

- **NPRR260 was approved by the Board in January 2011 but has not yet been implemented due to deferral of ERCOT Impact Analysis (IA) under prior ERCOT CEO determination practice.**
 - Board will consider ERCOT IA at its June 2012 meeting.
 - If approved by Board, project timeline is 6 months for implementation of NPRR260.
- **Added IMRE as a Market Participant to the ERCOT Protocols and Standard Form Market Participant Agreement (SFA); as such, IMREs are legally bound by ERCOT Protocols.**
- **Registering as an IMRE will allow Entities such as consultants, aggregators, consumers, universities, etc. access to the MIS Secure Area via Digital Certificates and be subject to compliance audit under Protocol Section 16.**
- **Implementation of an IMRE registration will allow decommissioning of Planning and Operations Information (POI) website by 2nd Quarter 2013.**
 - POI website is administered by ERCOT Planning and requires password access.
 - Contains data about the power system in the ERCOT Region, such as maps, databases, procedures, studies and reports.
 - Approximately 220 non-Market Participant Entities are registered for POI access.

Assumptions Going Forward for CRR Account Holder and IMRE Application Fees

- **To create parity with QSE and CR application fees being assessed to Market Participants and recover costs of provided services, ERCOT Staff recommends a \$500 application fee for CRR Account Holder and IMRE registrations.**
- **CRR Account Holder Applications**
 - Average of 20 new CRR Account Holders per year.
 - Positive Budget Impact: $20 \times \$500 = \$10,000$
- **IMRE Applications**
 - For 2013, assume half (110) of non-Market Participant Entities on POI website submit new IMRE Applications for MIS Secure access.
 - Positive Budget Impact: $110 \times \$500 = \$55,000$
 - Thereafter, average of 30 new IMREs per year.
 - Positive Budget Impact: $30 \times \$500 = \$15,000$
- **Anticipated Budget Impacts are considered immaterial to overall approval request for 2013 ERCOT Budget.**

Next Steps

- **Monday, July 16, 2012**

- ERCOT Staff will present and recommend approval of CRR Account Holder and IMRE Application Fees at Finance & Audit (F&A) Committee meeting.

- **Tuesday, July 17, 2012**

- ERCOT Board consideration of F&A Committee recommendation on CRR Account Holder and IMRE Application Fees.