

Date: July 10, 2012
To: ERCOT Board of Directors
From: Kenan Ogelman, Technical Advisory Committee (TAC) Chair
Subject: Procedures for Setting Nodal Day-Ahead Market Credit Requirement Parameters

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: July 17, 2012

Agenda Tab No.: 8.2

Issue:

Protocol Section 4.4.10, Credit Requirement for DAM Bids and Offers, requires annual ERCOT Board review of the Procedures for Setting Nodal Day-Ahead Market Credit Requirement Parameters.

Background/History:

As specified in Protocol Section 4.4.10, the ERCOT Board is required to annually review the Procedures for Setting Nodal Day-Ahead Market Credit Requirement Parameters. The ERCOT Board last considered the Day Ahead Market credit parameters at its July 19, 2011 meeting.

On June 28, 2012, TAC unanimously voted to affirm the current document, Procedures for Setting Nodal Day-Ahead Market Credit Requirement Parameters, as recommended by both the Wholesale Market Subcommittee (WMS) and the Credit Work Group.

The current document is attached hereto as Attachment A.

Key Factors Influencing Issue:

Considering Credit Work Group, WMS and ERCOT staff input, TAC reviewed the Procedures for Setting Nodal Day-Ahead Market Credit Requirement Parameters and voted to submit the above recommendation to the ERCOT Board or as further defined in Attachment A.

Conclusion/Recommendation:

As more specifically described above, TAC respectfully recommends that the ERCOT Board reaffirm the current Procedures for Setting Nodal Day-Ahead Market Credit Requirement Parameters as described in Attachment A.

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

WHEREAS, Nodal Protocol Section, 4.4.10, Credit Requirement for DAM Bids and Offers, requires ERCOT Board annual review of the DAM collateral parameters process as well certain parameter values;

WHEREAS, the ERCOT Board deems it desirable and in ERCOT's best interest to approve the current Procedures for Setting Nodal Day-Ahead Market Credit Requirement Parameters, attached hereto as Attachment A;

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves the current Procedures for Setting Nodal Day-Ahead Market Credit Requirement Parameters.

CORPORATE SECRETARY'S CERTIFICATE

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

Vickie G. Leady
Assistant Corporate Secretary