

Date: March 12, 2013
To: ERCOT Board of Directors
From: Kenan Ogelman, Technical Advisory Committee (TAC) Chair
Subject: Non-Unanimous NPRRs Recommended by TAC for Approval

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: March 19, 2013

Item No.: 7.1

Issue:

Consideration of Nodal Protocol Revision Request (NPRR) 484, Revisions to Congestion Revenue Rights Credit Calculations and Payments, recommended for approval by TAC (which had opposing votes recorded).

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.

- ***NPRR484, Revisions to Congestion Revenue Rights Credit Calculations and Payments [Luminant].***

Revision Description: This NPRR replaces the Congestion Revenue Right (CRR) Auction credit calculations with path-specific exposure calculations based on Day-Ahead Market (DAM) clearing prices over a rolling period and revises the Future Credit Exposure (FCE) calculations for CRR Account Holders; which results in a modification to the payment schedule for CRRs.

Proposed Effective Date: Upon System Implementation – Priority 2013; Rank 580

ERCOT Impact Analysis: \$950k - \$1.2M project cost implement through two phases; ongoing operational impact of 0.6 FTEs in Credit Management requiring 1 FTE (ongoing O&M cost of \$120k - \$130k; impacts to CRR, Credit Monitoring and Management (CMM), System Integration, Settlements and Billing (S&B), Current Day Reports (CDR), and Enterprise Information Services (EIS); no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR484 because it better matches risk with underlying positions by aligning path specific CRR price risk rather than using a single generic value of \$0.75 across all CRR market and collateralization activities.

TAC Decision: On 2/7/13, TAC voted to recommend approval of NPRR484 as recommended by PRS in the 1/17/13 PRS Report with a modified Priority of 2013 and rank of 580. There were six opposing votes from the Independent Retail Electric Provider (IREP) (4) and Cooperative (2) Market Segments and one abstention from the Municipal Market Segment. *See 11/6/12 Credit Work Group (Credit WG) comments.*

The TAC Report and Impact Analysis for NPRR484 are included in the ERCOT Board meeting

materials which can found at the following link:

<http://www.ercot.com/calendar/2013/03/20130319-BOD>

In addition, NPRR484 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 NPRR484 as described herein.

TAC considered the issues and voted to take action on NPRR484 as described above.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRR484 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 NPRR484, Revisions to Congestion Revenue Rights Credit Calculations and Payments.

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRR484.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Ledy, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its March 19, 2013 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of March, 2013.

Vickie G. Ledy
Assistant Corporate Secretary