
Item 7: TAC Report

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2013 TAC Chair

Board of Directors Meeting
ERCOT Public
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Summary of TAC Update

Revision Requests Recommended for Approval by TAC – Unopposed (Vote):

- NPRR474, Clarification of Price Correction Principles and Associated Timelines
- NPRR487, QSGR Dispatch Adjustment - URGENT
- NPRR489, Planning Reserve Margin
- NPRR492, Addition of System Lambda Information
- NPRR493, Half-Hour RUC Clawback
- NPRR496, Revise West Hub Definition Due to Permanent Topology Change
- NPRR498, Cleanup of ERCOT Finance and Audit Committee Responsibilities in Operational Audits
- NPRR499, Revisions to Digital Certificate Holder Qualification Requirements
- NPRR502, Addition of Year 6 to the SSWG Base Cases
- NPRR504, Removal of Language Related to LPGRR049
- NPRR509, Shortened RTM Settlement Timeline - URGENT
- NPRR518, Removal of Notification Requirement for Disclosures of Protected Information Required by CFTC - URGENT
- NPRR520, Real-Time Mitigation Rules and Creation of a Real-Time Constraint Competitiveness Test - URGENT
- NPRR521, Transitional CRR Auction Capacity Value for Initial CRR Long-Term Auction Sequence - URGENT

Summary of TAC Update

Continued: Revision Requests Recommended for Approval by TAC – Unopposed (Vote):

- SCR773, Addition of Regulation Feedback to Generation to be Dispatched Calculation - URGENT
- Parking Deck SCR756, Enhancements to the MarkeTrak Application
- PGRR022, Removal of Planning Reserve Margin Calculation Methodology
- PGRR023, Contingency Filing Requirements
- PGRR024, Clarify Planning Assumptions and Performance Criteria
- PGRR026, Addition of Year 6 to the SSWG Base Cases
- NOGRR101, Market Transparency for DC Tie Outage Information
- NOGRR105, Generation Resource Frequency Response Test Procedure

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

- NPRR484, Revisions to Congestion Revenue Rights Credit Calculations and Payments

Annual TAC Structure and Procedural Review

February and March TAC Highlights

Guide Revisions Approved by TAC

Revision Requests Recommended for Approval by TAC (with Opposing Votes)

NPRR484, Revisions to Congestion Revenue Rights Credit Calculations and Payments

Purpose (Luminant)	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.
TAC Vote	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 IREP (4) and Cooperative (2) Market Segments and one abstention from the Municipal Market Segment.
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.

Continued: NPRR484, Revisions to Congestion Revenue Rights Credit Calculations and Payments

Effective Date/Priority	Upon system implementation – Priority 2013; Rank 580
ERCOT Impact	Project: \$950k - \$1.2M; Ongoing O&M: \$120k - \$130k (operational impact of 0.6 FTE in Credit Management requiring 1 FTE); impacts to CRR, CMM, System Integration, S&B, CDR, and EIS.
Business Case Highlights	<ul style="list-style-type: none"> • Provides path-specific exposure calculations which will more appropriately collateralize CRRs. Path specificity will provide more protection to Market Participants against under-collateralization and risk of default in the market, and will greatly reduce over-collateralization. • Posting collateral in lieu of pre-paying for forward awarded CRRs will significantly reduce the amount of cash that ERCOT has to hold and manage following prepayment of notional value of CRRs awarded after an annual auction or long-term auction sequence. • See 1/10/13 Luminant comments for additional quantitative benefit information.

Subcommittee Review Process and Actions

In an effort to improve TAC's existing processes and organizational structure for the purpose of enhancing efficiency, effectiveness, and aligning its structure to meet new goals and objectives, TAC annually reviews its existing structure and procedures. In October 2012, TAC had a public meeting on the issue and since that review the following actions were taken:

- TAC retired the Market Enhancements Task Force (METF) as the task force had fulfilled its charter.
- Leadership of each Subcommittee reported on the need for each Task Force and Working Group. Sub-groups that are not needed are disbanded.
- Issues must be assigned by leadership to sub-groups and not taken up by sub-groups on their own.
- The use of “Possible Vote” and associated posting of materials will be better controlled.
- Subcommittees may meet in congruence with their sub-groups to conserve stakeholder and ERCOT resources.

Summary of TAC Procedure Changes

- **Included an attachment entitled, ERCOT Rules of Order, to document common practices and ensure TAC and its subcommittees are consistently applying meeting rules.**
 - For example, a common recurring question was who can make a motion to reconsider and is the mover required to vote differently than the original motion.
 - TAC documented in its procedures that the mover must have been on the prevailing side of the motion to be reconsidered; it passes by simple majority; and there is no requirement that mover/second of motion to be reconsidered approve the motion.
- **Regardless of the descriptions below in no circumstance is the two-thirds requirement for an action of TAC changed. The TAC procedures also apply to its subcommittees which have a different voting threshold for approval.**
- **For the following motions, a two-thirds vote in favor is required for approval by the subcommittee:**
 - Return to a previously tabled item
 - Calling the question
 - Limit or extend debate
 - Waive notice

February TAC Highlights

CRR Auction Calendar

In accordance with paragraph (4)(b)(iii) of Protocol Section 7.5.1, CRR Auctions Nature and Timing, and within the boxed language of NPRR463, CRR Auction Structure Enhancements, TAC unanimously approved the ERCOT proposed CRR Calendar for 2013-2014 which includes monthly and Long-Term Auction Sequence dates.

Regional Planning Group Projects:

- Sinton-Beeville-Kenedy Area Improvements Project – TAC unanimously endorsed the ERCOT recommendation for Option 2.
- Kenedy Switch to Nixon to Seguin Line Upgrade Project - TAC unanimously endorsed the ERCOT recommendation.

Prioritization of Market Rule Changes Takes on Added Significance

With the number of market rule changes in process or approved, the funds for additional changes are limited. TAC utilizes the prioritization process to remain within budget while implementing the most important changes. TAC highlights the potential that new revisions may result in previously approved market rule changes being implemented later.

March TAC Highlights

2013 Ancillary Service Methodology

TAC voted to affirm the current Ancillary Service Methodology and requested ERCOT to review the load frequency bias with stakeholders and report back by the October TAC. There was two abstentions from the Consumer Market Segment

Resource Adequacy Work Plan

TAC unanimously directed WMS to create a Resource Adequacy Task Force and requested regular updates in the WMS report to TAC.

Alternatives to Definition of Wholesale Storage Load Created by NPRR461, Energy Storage Settlements Consistent With PUCT Project 39917

Current definition of Wholesale Storage Load (WSL) is list based. TAC unanimously recommended that the WSL definition remain in the Protocols and that it retain the eligible technologies clarity requested by ERCOT, and directed the Emerging Technologies Working Group via WMS to proceed with redefining WSL-eligible technologies by criteria, with a list for illustrative purposes.

March TAC Highlights

Review 2/18/13 ERCOT Comments to NPRR489, Planning Reserve Margin
TAC unanimously voted to endorse the 2/18/13 ERCOT comments to NPRR489.

ERS Weather-Sensitive Loads Pilot Project

TAC voted to endorse the ERS Weather-Sensitive Loads Pilot Project governing document as revised by the Denton comments. There was one abstention from the Municipal Market Segment.

Letter of Credit Concentration

TAC discussed potential issues with the Credit Work Group proposed method related to letter of credit concentration.

Reprioritization

TAC received notice that PRS reprioritized NOGRR084, Daily Grid Operations Summary Report. TAC and PRS will be reviewing the need for procedures for future reprioritization efforts

Notice of Guide Revisions Approved by TAC

NOGRR108, QSE and TSP Hotline Responsibilities

This NOGRR adds the requirement for Qualified Scheduling Entities (QSEs) and Transmission Operators (TOs) to have a touchtone keypad on their Hotline phone.