

Date: September 10, 2013
To: ERCOT Board of Directors
From: Kenan Ogelman, Technical Advisory Committee (TAC) Chair
Subject: Unopposed Nodal Protocol Revision Requests (NPRRs) Recommended by Technical Advisory Committee (TAC) for Approval

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: September 17, 2013

Agenda Item No.: 2.1

Issue:

Consideration of the following Revision Requests recommended for approval by TAC (with no opposing votes recorded):

- NPRR524, Resource Limits in Providing Ancillary Service – URGENT
- NPRR532, Performance Measurement and Verification and Telemetry Requirements for Load Resources Providing Non-Spin - URGENT
- NPRR538, Clarification of the Non-Spin Energy Offer Curve Requirements for QSGRs
- NPRR551, Posting of Annual Planning Model - URGENT
- NPRR552, Additional Counter-Party Criteria - URGENT
- NPRR554, Clarification of Future Credit Exposure Calculation - URGENT
- NPRR555, Load Resource Participation in Security-Constrained Economic Dispatch – URGENT
- NPRR557, Administrative Change for August 1, 2013 Nodal Protocols – URGENT

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.

- ***NPRR524, Resource Limits in Providing Ancillary Service [GDF Suez] – URGENT.***
Revision Description: This Nodal Protocol Revision Request (NPRR) will clarify and allow Generation Resources with supplemental capacity that is not always frequency responsive to provide the supplemental capacity to the market and also continue to participate in the Responsive Reserve (RRS) Service market.
Proposed Effective Date: October 1, 2013 (for manual workaround); Upon System Implementation – Priority 2013; Rank 890 (for automation)
ERCOT Impact Analysis: \$50k - \$75k; no impacts to ERCOT staffing; impacts to Network Modeling and Management System (NMMS), Energy Management System (EMS), and Information Systems Master (ISM); no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.
ERCOT Opinion: ERCOT supports approval of NPRR524 as the proposed revisions will allow additional capacity that would not otherwise be available from Resources providing RRS to be offered into the market, while meeting the System requirements for the available

amount of RRS capacity that is immediately frequency responsive. NPRR524 also provides for improved operational and compliance monitoring of the Resources that are providing frequency responsive RRS.

TAC Decision: On 9/5/13, TAC voted to recommend approval of NPRR524 as recommended by PRS in the 8/22/13 PRS Report. There was one abstention from the Independent Retail Electric Provider (IREP) Market Segment.

- ***NPRR532, Performance Measurement and Verification and Telemetry Requirements for Load Resources Providing Non-Spin [Demand Side Working Group (DSWG)] – URGENT.***

Revision Description: This NPRR enables participation in the Non-Spinning Reserve (Non-Spin) Service market for Load Resources whose provision of Demand response is most accurately measured and verified using a baseline performance evaluation methodology; establishes a method for evaluating Non-Spin performance using a baseline methodology, which compares actual Load to a reliable estimate of what the Load would have been in the absence of the deployment; and establishes new telemetry requirements for Qualified Scheduling Entities (QSEs) representing Load Resources in the Non-Spin market to allow ERCOT's systems to monitor the status and performance of those Load Resources in Real-Time.

Proposed Effective Date: Upon System Implementation – Priority 2013; Rank 865

ERCOT Impact Analysis: \$375k - \$425k (system implementation) and \$120k - \$130k (annual recurring O&M); 0.5 full-time equivalents (FTEs) requiring one FTE in Demand Integration department; impacts to Market Management System (MMS), EMS, NMMS, Enterprise Integration (EI), ISM, and Market Information System (MIS); ERCOT business functions will be updated; ERCOT grid operations and practices will be updated. ERCOT estimates that if NPRR555 and NPRR532 are implemented concurrently, a cost savings of 10% - 20% could be realized from project efficiencies. NPRR555 and NPRR532 will likely have impacts on the in-flight EMS Upgrade and MMS Technology Refresh projects and will have to be accounted for in those project plans at the appropriate time in their project lifecycles.

ERCOT Opinion: ERCOT supports approval of NPRR532 as it provides performance and verification requirements to facilitate Load Resource participation in the Non-Spin Service market.

TAC Decision: On 9/5/13, TAC voted to recommend approval of NPRR532 as recommended by PRS in the 8/22/13 PRS Report and as amended by the 8/29/13 ERCOT comments. There was one abstention from the Investor Owned Utility (IOU) Market Segment.

- ***NPRR538, Clarification of the Non-Spin Energy Offer Curve Requirements for QSGRs [ERCOT].***

Revision Description: This NPRR clarifies that the \$120 per MWh Energy Offer Curve floor for Non-Spin capacity is the floor that is applicable to Quick Start Generation Resources (QSGRs) that are providing Non-Spin and are available for deployment by Security-Constrained Economic Dispatch (SCED) pursuant to Section 3.8.3, Quick Start Generation Resources.

Proposed Effective Date: October 1, 2013

ERCOT Impact Analysis: No budgetary impact; no impacts to ERCOT staffing; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR538.

TAC Decision: On 7/2/13, TAC unanimously voted to recommend approval of NPRR538 as recommended by PRS in the 6/20/13 PRS Report.

- ***NPRR551, Posting of Annual Planning Model [ERCOT] – URGENT.***

Revision Description: This NPRR establishes that ERCOT shall post the Annual Planning Model by October 15th of each year.

Proposed Effective Date: October 1, 2013

ERCOT Impact Analysis: No budgetary impact; no impacts to ERCOT staffing; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR551.

TAC Decision: On 9/5/13, TAC unanimously voted to recommend approval of NPRR551 as recommended by PRS in the 7/18/13 PRS Report and as amended by the 8/29/13 ERCOT comments.

- ***NPRR552, Additional Counter-Party Criteria [ERCOT] – URGENT.***

Revision Description: Under the Commodity Futures Trading Commission's (CFTC's) "Final Order on RTO and ISO Exemption for Certain Specified Transactions" issued in response to the ISO/RTO Joint Application for Exemption (Final Order), to be eligible for the exemption, applicable transactions must be entered into by persons who are either "appropriate persons" or "eligible contract participants" as defined in the Commodity Exchange Act (CEA), or that meet other conditions as defined in the Final Order. This NPRR incorporates these requirements into the Protocols and mandates an annual certification by Counter-Parties that they are in compliance.

Proposed Effective Date: October 1, 2013

ERCOT Impact Analysis: No budgetary impact; no impacts to ERCOT staffing; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR552.

TAC Decision: On 9/5/13, TAC unanimously voted to recommend approval of NPRR552 as recommended by PRS in the 7/18/13 PRS Report and as amended by the 8/15/13 ERCOT comments. *See 8/1/13 Credit WG comments.*

- ***NPRR554, Clarification of Future Credit Exposure Calculation [ERCOT] – URGENT.***

Revision Description: This NPRR clarifies certain language in Section 16.11.4.5, Determination of the Counter-Party Future Credit Exposure, that was introduced by NPRR484, Revisions to Congestion Revenue Rights Credit Calculations and Payments; and proposes (1) revisions to the Future Credit Exposure (FCE) calculation to explicitly recognize deferred Invoice-related exposure separate from mark-to-market exposure; (2)

modification of certain variables and subscripts that would otherwise appear to require calculation of certain portfolio-level values based on path-specific inputs; and (3) various administrative revisions. These changes are intended to be consistent with, and in furtherance of, the purposes of NPRR484.

Proposed Effective Date: October 1, 2013

ERCOT Impact Analysis: No budgetary impact; no impacts to ERCOT staffing; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR554.

TAC Decision: On 9/5/13, TAC unanimously voted to recommend approval of NPRR554 as recommended by PRS in the 7/18/13 PRS Report, as amended by the 7/29/13 Luminant comments and as revised by TAC. *See 8/1/13 Credit WG comments.*

- ***NPRR555, Load Resource Participation in Security-Constrained Economic Dispatch [ERCOT] – URGENT.***

Revision Description: This NPRR enables Demand response from Controllable Load Resources, as re-defined, to be Dispatched by SCED based on a Real-Time Market (RTM) Energy Bid; clarifies the rules for participation in the RTM by newly-defined “Aggregate Load Resources” (ALRs), consisting of multiple metered sites within a single ERCOT Load Zone; and establishes a long-term solution for Controllable Load Resource provision of Non-Spin Service by allowing participating Controllable Load Resources providing Non-Spin to be Dispatched economically.

Proposed Effective Date: Upon System Implementation – Priority 2013; Rank 865

ERCOT Impact Analysis: \$400k - \$525k; no impacts to ERCOT staffing; impacts to MMS, EMS, NMMS, Commercial Systems Integration (CSI), Settlements and Billing (S&B), EI, ISM, MIS, and Current Day Reports (CDR); ERCOT business functions and grid operations and practices will be updated. ERCOT estimates that if NPRR555 and NPRR532 are implemented concurrently, a cost savings of 10% - 20% could be realized from project efficiencies. NPRR555 and NPRR532 will likely have impacts on the in-flight EMS Upgrade and MMS Technology Refresh projects and will have to be accounted for in those project plans at the appropriate time in their project lifecycles.

ERCOT Opinion: ERCOT supports approval of NPRR555.

TAC Decision: On 9/5/13, TAC voted to recommend approval of NPRR555 as recommended by PRS in the 8/22/13 PRS Report and as amended by the 8/29/13 ERCOT comments. There was one abstention from the IOU Market Segment.

- ***NPRR557, Clarification of Treatment of Holidays for RTM Settlement Timeline (formerly “Administrative Changes for August 1, 2013 Nodal Protocols”) [ERCOT] – URGENT.***

Revision Description: This NPRR corrects one word in the Section 9.5.4 by replacing “withstanding” with “notwithstanding” to align the sentence with the purpose of addressing treatment of holidays.

Proposed Effective Date: October 1, 2013

ERCOT Impact Analysis: No budgetary impact; no impacts to ERCOT staffing; no

impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR557.

TAC Decision: On 9/5/13, TAC unanimously voted to recommend approval of NPRR557 as recommended by PRS in the 8/22/13 PRS Report.

The TAC Reports and Impact Analyses for these Revision Requests are included in the ERCOT Board meeting materials which can found at the following link:

<http://www.ercot.com/calendar/2013/09/20130917-BOD>

In addition, these Revision Requests and supporting materials are posted on the ERCOT website at the following links:

<http://www.ercot.com/mktrules/nprotocols/npr>

Key Factors Influencing Issue:

The PRS met, discussed the issues, and submitted reports to TAC regarding NPRRs 524, 532, 538, 551, 552, 554, 555, and 557.

TAC considered the issues and voted to take action on NPRRs 524, 532, 538, 551, 552, 554, 555, and 557 as described above.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 524, 532, 538, 551, 552, 554, 555, and 557 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 the following Nodal Protocol Revision Requests (NPRRs):

- NPRR524, Resource Limits in Providing Ancillary Service – URGENT;
- NPRR532, Performance Measurement and Verification and Telemetry Requirements for Load Resources Providing Non-Spin – URGENT;
- NPRR538, Clarification of the Non-Spin Energy Offer Curve Requirements for QSGRs;
- NPRR551, Posting of Annual Planning Model – URGENT;
- NPRR552, Additional Counter-Party Criteria – URGENT;
- NPRR554, Clarification of Future Credit Exposure Calculation – URGENT;
- NPRR555, Load Resource Participation in Security-Constrained Economic Dispatch – URGENT; and
- NPRR557, Administrative Change for August 1, 2013 Nodal Protocols – URGENT

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRRs 524, 532, 538, 551, 552, 554, 555, and 557.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its September 17, 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 September 2013.

Vickie G. Leady
Assistant Corporate Secretary