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

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: November 19, 2013
Agenda Item No.: 7.1

Issue:
Consideration of NPRR564, Thirty-Minute Emergency Response Service (ERS) and Other ERS Revisions – URGENT, and related, proposed Other Binding Document, "Emergency Response Service Procurement Methodology", 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.

- ***NPRR564, Thirty-Minute Emergency Response Service (ERS) and Other ERS Revisions [ERCOT] – URGENT, and related, proposed Other Binding Document, "Emergency Response Service Procurement Methodology".***
  Revision Description: This Nodal Protocol Revision Request (NPRR) proposes a 30-minute Emergency Response Service (ERS) product and recommends other changes to ERS more generally, including the following: (1) Introduces Settlement based on a clearing price instead of individual Qualified Scheduling Entity (QSE) offer price; (2) Introduces stronger financial penalties for non-performance in a single ERS Standard Contract Term but removes mandatory suspensions (3) Clarifies obligations of ERS Resources when deployments cross over multiple ERS Time Periods; (4) Authorizes ERCOT to provide times and dates of particular Resource deployments to QSEs in order to allow them to analyze past performance of newly acquired ERS sites; (5) Prohibits participation by sites associated with Dynamically Scheduled Resources (DSRs); and (6) Clarifies that ERS Generators and ERS Loads are to be evaluated together when an ERS Generator is providing backup to an ERS Load. Additionally, the NPRR calls for ERCOT to define the procurement methodology. The related proposed Other Binding Document, "Emergency Response Service Procurement Methodology", which is included for your review and approval.
  Proposed Effective Date: February 1, 2014 for interim solution utilizing manual business processes. The long-term solution will require a project for automation – Priority 2013; Rank 892.
  ERCOT Impact Analysis (long term solution): Between $50k - $75k; no impacts to ERCOT staffing; impacts to Market Management System (MMS), Information Systems Master (ISM), and Enterprise Integration (EI); ERCOT business functions will be updated;

ERCOT grid operations and practices will be updated.

ERCOT Opinion: ERCOT supports approval of NPRR564.

TAC Decision: On 11/7/13, TAC voted to recommend approval of NPRR564 as recommended by PRS in the 10/17/13 PRS Report with a proposed effective date of 2/1/14; to recommend approval of the "Emergency Response Service Procurement Methodology" as revised by TAC with a proposed effective date of upon ERCOT Board approval; and to add the methodology to the Other Binding Document List. There were two opposing votes from the Independent Power Marketer (IPM) and Consumer Market Segments and one abstention from the Independent Generator Market Segment.

The TAC Report and Impact Analysis and related, proposed Other Binding Document for NPRR564 are included in the ERCOT Board meeting materials which can found at the following link:

http://www.ercot.com/calendar/2013/11/20131119-BOD

In addition, NPRR564 and supporting materials are posted on the ERCOT website at the following link:

http://www.ercot.com/mktrules/nprotocols/nprr

Key Factors Influencing Issue:

The PRS met, discussed the issues, and submitted a report to TAC regarding NPRR564 and the related, proposed Other Binding Document as described herein.

TAC considered the issues and voted to take action on NPRR564 and the related, proposed Other Binding Document as described above.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRR564 and the related, proposed Other Binding Document 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 NPRR564, Thirty-Minute Emergency Response Service (ERS) and Other ERS Revisions – URGENT, and related, proposed Other Binding Document, "Emergency Response Service Procurement Methodology".

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRR564 and the related, proposed Other Binding Document, "Emergency Response Service Procurement Methodology".

CORPORATE SECRETARY'S CERTIFICATE

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

_____
Vickie G. Leady
Assistant Corporate Secretary