

**Date:** November 12, 2013  
**To:** ERCOT Board of Directors  
**From:** Kenan Ögelman, Technical Advisory Committee (TAC) Chair  
**Subject:** DAM Credit Parameters: Point to Point (PTP) Obligation Discount Factor

**Issue for the ERCOT Board of Directors**

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

**Agenda Item No.:** 8.3

**Issue:**

The Protocols require ERCOT Board review and approval of the Point to Point (PTP) Obligation Discount Factor.

**Background/History:**

As specified in paragraph (6)(d)(iv) of Protocol Section 4.4.10, Credit Requirement for DAM Bids and Offers, the ERCOT Board is required approve any revisions to the credit factor as noted below:

For qualified PTP Obligation bids, ERCOT shall reduce the credit exposure in paragraph (6)(d)(i) above, by the product of the bid price, if positive, and the quantity of the bid less than or equal to the quantity of the total of all expiring CRRs at the specified source and sink pair and delivery period, less all valid previously submitted PTP Obligation bids at the specified source and sink pair and delivery period multiplied by a factor initially set at 80% and to be reviewed by TAC and approved by the ERCOT Board at least annually.

The ERCOT Board last considered the PTP Obligation Discount Factor at its July 16, 2013 meeting.

On October 3, 2013, TAC unanimously voted to recommend revising the PTP Obligation Discount Factor from 80% to 90% effective December 1, 2013.

**Key Factors Influencing Issue:**

Considering Credit Work Group, Wholesale Market Subcommittee (WMS) and ERCOT staff input, TAC voted to revise the PTP Obligation Discount Factor from 80% to 90% effective December 1, 2013.

**Conclusion/Recommendation:**

As more specifically described above, TAC respectfully recommends that the ERCOT Board to revise the PTP Obligation Discount Factor from 80% to 90% effective December 1, 2013.

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

WHEREAS, Protocol Section 4.4.10, Credit Requirement for DAM Bids and Offers, requires ERCOT Board approval of changes to the Point to Point (PTP) Obligation Discount Factor;

WHEREAS, the ERCOT Board deems it desirable and in ERCOT's best interest to revise the PTP Obligation Discount Factor from 80% to 90%, effective December 1, 2013.

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves the following a 90% PTP Obligation Discount Factor as specified in paragraph (6)(d)(iv) of Protocol Section 4.4.10 to be effective December 1, 2013.

**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