



## **Item 6: TAC Report**

Randa Stephenson  
2014 TAC Chair

Board of Directors Meeting  
ERCOT Public  
April 8, 2014

# Summary of TAC Update

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

- NPRR584, Alignment with TAC Procedures to Shorten the Appeals Timeline
- NPRR586, Align Credit Lock for CRR Auctions with Transaction Submission Deadline
- NPRR589, Ancillary Service Offers in the Supplemental Ancillary Services Market
- NPRR592, Clarification of Meter Repair Timelines for RTM Settlements
- NPRR594, Clarifications to the ERCOT Fee Schedule and the Point-to-Point Option Award Fee
- NPRR596, External Load Serving Entities - URGENT
- NPRR598, Clarify Inputs to PRC and ORDC – URGENT, and related Other Binding Document, “Methodology for Implementing Operating Reserve Demand Curve (ORDC) to Calculate Real-Time Reserve Price Adder”
  - Including 3/28/14 TAC Comments
- NPRR602, Exemption for Sharyland Brady Load Transition - URGENT
- SCR779, Increase to the CRR Auction Transaction Limit

# Summary of TAC Update – Regular Agenda Items

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

- NPRR533, PCRR Eligibility Requirements (formerly “Clarification of PCRR Eligibility Requirements) – URGENT
- NPRR576, Changing Non-Spin Service to be Dispatched by ERCOT (formerly "Changing Non-Spin Service to an Off-Line Service") – URGENT
- NPRR590, Inclusion of WSL in the Default Uplift Invoice Allocation
- NPRR603, ERS Settlement and Service Types - URGENT

# Summary of TAC Update – Regular Agenda Items

## Additional TAC Items (Vote):

Methodology for Setting the Shadow Price Caps and Power Balance Penalties in Security-Constrained Economic Dispatch

Emergency Response Service Procurement Methodology

Phase 2, Implementation of NPRR570, Reduce RTM Settlement Timeline to Operating Day Plus Five

M2 Credit Parameter, Multiplier for Unbilled Real-Time Amount (URTA)

## February and March TAC Highlights

- Houston Import Project
- Credit Formulas and Detail Whitepaper for the Day-Ahead Market and Congestion Revenue Rights Auction
- Annual Review of Other Binding Document List
- Critical Infrastructure Protection Working Group (CIPWG) Update
- Resource Adequacy Task Force (RATF) Update

## Guide Revisions Approved by TAC



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## **Revision Request Recommended for Approval by TAC**

(with Opposing Votes)

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# NPRR533, PCRR Eligibility Requirements (formerly “Clarification of PCRR Eligibility Requirements) - URGENT

<b>Purpose</b> (ERCOT)	This NPRR clarifies the eligibility for PCRRs subject to changes over time in contracts, Entity relationships, and resource status and capabilities.
<b>TAC Vote</b>	On 2/27/14, TAC voted via roll call vote to recommend approval of NPRR533 as recommended by PRS in the 2/13/14 PRS Report, as amended by the 2/26/14 San Bernard Electric Cooperative comments and as revised by TAC. There were two opposing votes from the Cooperative Market Segment and six abstentions from the Consumer (3), Independent Generator and IOU (2) Market Segments. All Market Segments were present for the vote.
<b>ERCOT Opinion</b>	ERCOT supports approval of NPRR533 as it clarifies the rules around PCRR eligibility.
<b>Effective Date/Priority</b>	May 1, 2014
<b>ERCOT Impact</b>	Less than \$10k (O&M); minor system impacts to MIS and ERCOT.com
<b>Business Case Highlights</b>	Clarified Protocol Requirements

# NPRR576, Changing Non-Spin Service to be Dispatched by ERCOT - URGENT

<b>Purpose</b> (GDF Suez)	This NPRR changes the Non-Spinning Reserve (Non-Spin) Service provided by Generation Resources to be Dispatched by ERCOT.
<b>TAC Vote</b>	On 3/27/14, TAC voted via roll call vote to recommend approval of NPRR576 as recommended by PRS in the 3/18/14 PRS Report, as amended by the 3/25/14 CPS Energy comments, and as revised by TAC; with a recommendation of \$75 per MWh as the minimum offer floor for On-Line Non-Spin. There were five opposing votes from the Independent Generator, Independent Power Marketer (IPM) (3) and IOU Market Segments and one abstention from the Independent Generator Market Segment.
<b>ERCOT Opinion</b>	ERCOT supports approval of NPRR576 if desired by stakeholders. However, ERCOT is not convinced that the NPRR is necessary at this time.
<b>Effective Date/Priority</b>	Upon system implementation of NPRR568, Real-Time Reserve Price Adder Based on Operating Reserve Demand Curve.
<b>ERCOT Impact</b>	No impacts.
<b>Business Case Highlights</b>	Avoids unnecessary price reversals and misalignment of prices as expressed in the ORDC.

# NPRR590, Inclusion of WSL in the Default Uplift Invoice Allocation

<b>Purpose</b> (ERCOT)	This NPRR updates the Default Uplift Invoice allocation process to incorporate Wholesale Storage Load (WSL) volumes in order to equitably distribute costs to the market in case of a market shortfall; provides for monthly posting of the Maximum MWh Activity Total and corrects the definition for the variable Metered Energy for Wholesale Storage Load at bus.
<b>TAC Vote</b>	On 3/27/14, TAC voted to recommend approval of NPRR590 as recommended by PRS in the 3/18/14 PRS Report. There were four opposing votes from the IOU (2), Municipal, and Cooperative Market Segments.
<b>ERCOT Opinion</b>	ERCOT supports approval of NPRR590.
<b>Effective Date/Priority</b>	Upon System Implementation – no project required.
<b>ERCOT Impact</b>	Less than \$5k (absorbed by O&M budget); minor impacts to Market Information System (MIS); ERCOT business processes will be updated;
<b>Business Case Highlights</b>	Ensures consistent allocation of costs in case of a market shortfall.



## NPRR603, ERS Settlement and Service Types - URGENT

<b>Purpose</b> (ERCOT)	This NPRR clarifies that there are four Emergency Response Service (ERS) service types: Weather Sensitive ERS-10, Non-Weather Sensitive ERS-10, Weather Sensitive ERS-30 and Non-Weather Sensitive ERS-30; corrects the ERS Settlement formulas relating to amounts procured per QSE (SPAMT and COMPAMT); clarifies the deployment duration time for Weather-Sensitive ERS Loads; and clarifies ERS Resource obligations during an ERS deployment.
<b>TAC Vote</b>	On 3/27/14, TAC voted to recommend approval of NPRR603 as recommended by PRS in the 3/18/14 PRS Report. There was one opposing vote from the IPM Market Segment and one abstention from the Independent Generator Market Segment.
<b>ERCOT Opinion</b>	ERCOT supports approval of NPRR603.
<b>Effective Date/Priority</b>	May 1, 2014
<b>ERCOT Impact</b>	No impacts.
<b>Business Case Highlights</b>	Clarified Protocols.

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## **Additional TAC Items for Consideration**

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# Setting the Shadow Price Caps and Power Balance Penalties in Security-Constrained Economic Dispatch (Other Binding Document)

- ERCOT Protocols require ERCOT Board approval of the methodology for setting maximum Shadow Prices for network constraints and for the power balance constraint in the Other Binding Document, Setting the Shadow Price Caps and Power Balance Penalties in SCED.

# Setting the Shadow Price Caps and Power Balance Penalties in Security-Constrained Economic Dispatch (Other Binding Document)

- On March 5, 2014, WMS recommended revisions to the Power Balance Penalty Curve in preparation for changes in the High System Wide Offer Cap to \$7,000 in 2014 and \$9,000 in 2015.

MW Violation	Until May 31st 2014	From June 1st 2014 to May 31st 2015	From June 1st 2015
$\leq 5$	\$250	\$250	\$250
$5 < \text{to} \leq 10$	\$300	\$300	\$300
$10 < \text{to} \leq 20$	\$400	\$400	\$400
$20 < \text{to} \leq 30$	\$500	\$500	\$500
$30 < \text{to} \leq 40$	\$1,000	\$1,000	\$1,000
$40 < \text{to} \leq 50$	\$2,250	\$2,250	\$2,250
$50 < \text{to} \leq 100$	\$3,000	\$3,400	\$4,500
$100 < \text{to} \leq 150$	\$3,500	\$4,600	\$6,000
$150 < \text{to} \leq 200$	\$4,000	\$5,800	\$7,500
200 or more	\$5,001	\$7,001	\$9,001

On March 27, 2014, TAC unanimously voted to recommend approval of the Other Binding Document, Setting the Shadow Price Caps and Power Balance Penalties in SCED, which incorporated the WMS revisions to the Power Balance Penalty Curve.

# Emergency Response Service Procurement Methodology (Other Binding Document)

- Revisions to the Other Binding Document, Emergency Response Service Procurement Methodology, require ERCOT Board approval. ERCOT and TAC are recommending modification to the Other Binding Document to clarify procedures for ERCOT to follow when establishing the marginal clearing price and Emergency Response Service (ERS) Resources to be awarded.
- For the initial ERS procurement under the Emergency Response Service Procurement Methodology, the language in the Other Binding Document did not precisely delineate how marginal offers should be considered, particularly when more than one ERS Resource is offered at the same price. The proposed modifications will clearly establish how offers will be considered and awarded or rejected; and provide Entities offering into ERS a clear understanding of the procedures ERCOT will follow for procuring ERS, so that offers can be formulated accordingly.

**On March 27, 2014, TAC voted to endorse the revision to the Other Binding Document, Emergency Response Service Procurement Methodology as submitted by ERCOT. There were three abstentions from the Independent Generator, Independent Power Marketer (IPM), and Municipal Market Segments.**



## **Phase 2, Implementation of NPRR570, Reduce RTM Settlement Timeline to Operating Day Plus Five**

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**On 11/19/2013, the ERCOT Board approved NPRR570 which introduced a phased approach to change the posting date for the Real-Time Market (RTM) Initial Settlement Statement from seven days after the Operating Day to five days after the Operating Day and change the posting date of the Final Settlement Statement from the 57<sup>th</sup> day after the Operating Day to the 55<sup>th</sup> day after the Operating Day.**

### **Phase 1:**

- Reduced the posting requirement for the RTM Initial Statement from seven to six days after the Operating Day.
- Effective January 1, 2014

### **Phase 2:**

- Further reduce the posting requirement for the RTM Initial Statement to five days after the Operating Day
- The posting requirement of the RTM Final Statement is reduced from the 57th day after the Operating Day to the 55th day after the Operating Day.
- For EPS Metering facilities repairs, allows ERCOT to reduce the repair timeline from twelve to six hours if the meter data is required for RTM Settlements on the same day.
- Will be implemented May 1, 2014 unless the ERCOT Board affirmatively votes to delay implementation to a later date or condition.

## **Phase 2, Implementation of NPRR570, Reduce RTM Settlement Timeline to Operating Day Plus Five**

- During initial consideration of NPRR570, both TAC and the Commercial Operations Subcommittee (COPS) recommended a phased implementation in order to allow time to address any issues or concerns that may arise from the initial reduction in the Settlement timeline and to evaluate the accuracy and completeness of meter data.
- After implementation of Phase One, a COPS working group hosted meetings to review impacts and no significant issues were raised.
- On March 17, 2014, COPS unanimously voted to endorse proceeding with the May 1, 2014 implementation of Phase Two. The Consumer, Independent Retail Electric Provider (IREP), and Generator Market Segments were not present for the vote.

**On March 27, 2014, TAC unanimously voted to endorse proceeding with the May 1, 2014 implementation of Phase Two to reduce the posting requirement for the RTM Initial Statement from six to five days after the Operating Day and to reduce the posting requirement of the RTM Final Statement from the 57th day after the Operating Day to the 55th day after the Operating Day.**

## M2 Credit Parameter, Multiplier for URTA

- ERCOT Protocols require ERCOT Board approval for revision of certain variables, including M2, Multiplier for URTA (Unbilled Real-Time Amount).
- NPRR570, Reduce RTM Settlement Timeline to Operating Day Plus Five, reduced the timeline for the Real-Time Market (RTM) Initial Statement from seven days to six days effective January 1, 2014, and will further reduce the timeline to five days effective May 1, 2014, unless the ERCOT Board affirmatively votes to delay implementation to a later date or condition.
- Reflecting on the RTM timeline reduction, on January 22, 2014, the Credit Work Group (CWG)/Market Credit Working Group (MCWG) recommended reducing the M2 multiplier from 10 to 9, effective on the first day of the month following ERCOT Board approval, but no sooner than May 1, 2014. CWG/MCWG will review the operational impacts of the shortened RTM settlement timeline before making a recommendation as to whether additional reductions in M2 are warranted.
- On February 5, 2014, WMS voted to recommend approval of reducing the M2 multiplier from 10 to 9.

**On February 27, 2014, TAC voted to recommended reducing the M2 multiplier from 10 to 9, effective on the first day of the month following ERCOT Board approval, but no sooner than May 1, 2014. There was one objection from the Cooperative Market Segment.**



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## February/March TAC Highlights

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# Critical Infrastructure Protection (CIP) Update

- On March 27, 2014, the Critical Infrastructure Protection (CIP) Working Group provided an update to TAC on CIP Version 5 Revisions (NERC Project 2014-02) and Physical Security CIP-014-1 (NERC Project 2014-04).
- Scope of CIP Version 5 Revisions focused on four directives from FERC Order 791:
  - Identify, Assess, Correct (IAC) – one-year deadline for revisions
  - Low Impact Assets – no deadline
  - Communication Networks – one-year deadline for revisions
  - Transient Devices – no deadline
- Physical Security focused on one or more Reliability Standards addressing:
  - Risk assessment
  - Evaluate threats & vulnerabilities
  - Develop & implement action plan
  - Protect confidential information
  - Verified by other entities such as NERC, the relevant Regional Entity, the Reliability Coordinator, or another entity with appropriate expertise

# Resource Adequacy Task Force (RATF) Update

- On March 27, 2014, the Resource Adequacy Task Force (RATF) provided an update to TAC on the efforts to address the PUC directive to examine price reversal and the effects on ORDC from ERS deployments, Load Responsive Reserve (RRS) deployments, and Reliability Unit Commitment (RUC) (0 – LSL).
- TAC considered two motions to address the PUC directive – both of which failed:
  - Motion to endorse removing ERS from the ORDC calculation when it is deployed, with a variable incremental restoration time over 10 hours (8 in favor; 18 opposed; 4 abstentions)
  - Motion to endorse removing ERS from the ORDC calculation; and to reject the Luminant proposal to remove Load RRS from the ORDC calculation. (9 in favor; 19 opposed; 1 abstention)
- A recommendation will be provided at the June ERCOT Board meeting
- TAC also directed RATF to examine the following:
  - Revision to RUC floors to higher than \$1000/MWh
  - Treatment of RMR Resources
  - Firm load shed
  - ERCOT Augmented ORDC Proposal

# Additional TAC Highlights

- Houston Import Project
  - On 3/27/14, TAC discussed the merits of the Houston Import Project covering concerns such as cost of the project, the planning process and assumptions, and economic and reliability needs. TAC voted to endorse the Houston Import Project as presented by ERCOT. There were 20 affirmative votes (Consumers (6), Cooperatives (4), IPM (1), IREP (2), IOU (3), Municipal (4)); five opposing votes (Generators (3), IPM (2)); and five abstentions (Generators (1), IPM (1), IREP (2), IOU (1)).
- Credit Formulas and Detail Whitepaper for the Day-Ahead Market and Congestion Revenue Rights Auction
  - On 3/27/14, TAC unanimously voted to approve the Other Binding Document, Credit Formulas and Detail Whitepaper for the Day-Ahead Market and Congestion Revenue Rights Auction, as presented by ERCOT. Edits would align the methodology for determining credit requirements for the CRR Auctions with NPRR484, Revisions to Congestion Revenue Rights Credit Calculations and Payments
- Annual Review of Other Binding Document List
  - On 3/27/14, TAC unanimously voted to approve the Other Binding Document List as presented by ERCOT. Provisions of the Protocols require annual TAC review of the Other Binding Document List.

# Notice of Guide Revisions Approved by TAC

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## **NOGRR127, Synchronization with NPRR564, Thirty-Minute Emergency Response Service (ERS) and Other ERS Revisions – URGENT**

This Nodal Operating Guide Revision Request (NOGRR) synchronizes Nodal Operating Guide Section 4.5.3.3 with Protocol Section 6.5.9.4.2, EEA Levels.