



Date: June 3, 2014
To: Board of Directors
From: Chad V. Seely, Assistant General Counsel
Subject: Non-Opt In Entity (NOIE) Load Zone Change – Request of Guadalupe Valley Electric Cooperative, Inc.

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: June 10, 2014

Item No.: 10

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve the request of Guadalupe Valley Electric Cooperative, Inc. (GVEC) to merge GVEC's Load into the appropriate Competitive Load Zone(s).

Background/History:

On March 10, 2014, GVEC gave notice to ERCOT that its power supply arrangement with Lower Colorado River Authority (LCRA) will expire at midnight on June 24, 2016. Also on March 10, 2014, GVEC requested that the ERCOT Board approve GVEC's move from the LCRA Non-Opt-In Entity (NOIE) Load Zone to the appropriate Competitive Load Zone(s) when its power supply arrangement with LCRA expires.

Paragraph (c) of Protocol Section 3.4.3 states:

A separate NOIE Load Zone is made up of a group of NOIEs that are parties to the same pre-1999 power supply arrangements and that had an overall 2003 peak Load in excess of 2,300 MW. A NOIE that is a member of this separate NOIE Load Zone and that has given notice of termination of its pre-1999 power supply arrangement may elect to be assigned to an appropriate Competitive Load Zone. Such an election shall be subject to the approval process in Section 3.4.2;

In addition, on the date GVEC submitted its request, Paragraph (2) of Protocol Section 3.4.2 stated:¹

A NOIE that was included in the establishment of an automatic pre-assigned NOIE Load Zone under paragraph (c) of Section 3.4.3 may elect to be assigned to an appropriate Competitive Load Zone after giving notice of termination of its power supply arrangement if a request to be assigned to a Competitive Load Zone was given to ERCOT 90 days prior to the start of a Congestion Revenue Right (CRR) Long-Term Auction Sequence. The move to a Competitive Load Zone requires ERCOT Board approval and shall be effective no sooner than a date upon

¹ On April 8, 2014, the ERCOT Board approved Nodal Protocol Revision Request (NPRR) 533, which revised Paragraph (2) of Protocol Section 3.4.2, effective May 1, 2014. ERCOT Legal recommends that the ERCOT Board apply the language in effect on the date GVEC submitted its request because doing so provides certainty to Market Participants regarding the language to be applied.



which no more than 16% of the transmission topology had been offered for sale in a previous CRR Long-Term Auction Sequence.

GVEC's Load is currently contained in the LCRA NOIE Load Zone. Paragraph (c) of Protocol Section 3.4.3 applies to the LCRA NOIE Load Zone because that Load Zone is made up of a group of NOIEs that are parties to the same pre-1999 power supply arrangements and that had an overall 2003 peak Load in excess of 2,300 MW.

Pursuant to Paragraph (2) of Protocol Section 3.4.2, a member of the LCRA NOIE Load Zone may elect to be assigned to the appropriate Competitive Load Zone(s) after giving notice of termination of its power supply arrangement. GVEC gave notice to ERCOT on March 10, 2014, that its power supply arrangement with LCRA will expire at midnight on June 24, 2016. The opening date for the auction bid window in which more than 16% of the transmission topology for the month of June 2016 will be offered for sale is January 6, 2015, and GVEC timely submitted its request more than 90 days prior to that date. Because midnight on June 24, 2016 falls between Friday and Saturday and so that full ERCOT staffing will be available to address any implementation issues, ERCOT and GVEC have agreed that the load zone change should be effective at 24:00 on June 27, 2016. Therefore, ERCOT staff respectfully recommends that the ERCOT Board grant GVEC's request to have its Load merged into the appropriate Competitive Load Zone(s) and set an effective date of 24:00 on June 27, 2016.

Key Factors Influencing Issue:

- GVEC's pre-1999 power supply arrangement with LCRA will expire effective at midnight on June 24, 2016.
- Paragraph (2) of Protocol Section 3.4.2 and Paragraph (c) of Protocol Section 3.4.3 allow a NOIE that has given notice of termination of its pre-1999 power supply arrangement to elect to be assigned to the appropriate Competitive Load Zone(s).

Conclusion/Recommendation:

ERCOT Legal recommends that the ERCOT Board approve GVEC's request to merge its Load into the appropriate Competitive Load Zone(s) and set an effective date of 24:00 on June 27, 2016. A sample resolution is attached if the ERCOT Board desires to take this action.



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

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to approve the request by Guadalupe Valley Electric Cooperative, Inc. (GVEC) to merge GVEC's Load into the appropriate Competitive Load Zone(s);

THEREFORE, BE IT RESOLVED, that ERCOT is hereby authorized and approved to merge the GVEC Load into the appropriate Competitive Load Zone(s) effective at 24:00 on June 27, 2016.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its June 10, 2014 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of June, 2014.

Vickie G. Leady
Assistant Corporate Secretary