

Date: June 3, 2014
To: ERCOT Board of Directors
From: Randa Stephenson, Technical Advisory Committee (TAC) Chair
Subject: Unopposed Revision Requests

Issue for the ERCOT Board of Directors

ERCOT Board of Directors (ERCOT Board) Meeting Date: June 10, 2014

Agenda Item No.: 2.1

Issue:

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

- NPRR588, Clarifications for PV Generation Resources
- NPRR597, Utilize Initial Estimated Liability (IEL) Only During Initial Market Activity
- NPRR599, Removal of FGR-Specific Settlement Language
- NPRR600, Removal of Outdated Language to Scheduling and Operations of BLT Section
- NPRR601, Inclusion of Incremental Exposure in Mass Transitions to Counter-Parties that are Registered as QSEs and LSEs and Provide POLR Service
- NPRR606, Removal of Risk Management Verification Fee
- NPRR607, Short-Term System Adequacy Report Posting Modification
- NPRR609, ERCOT System Administration Fee and User Fees
- NPRR610, Eliminate Late Fees and Late Fee Invoices
- NPRR613, Clarification of Fuel Adder into the Mitigated Offer Cap

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.

- *NPRR588, Clarifications for PV Generation Resources [Emerging Technologies Working Group (ETWG)].*

Revision Description: This Nodal Protocol Revision Request (NPRR) creates a definition of PhotoVoltaic Generation Resource (PVGR) and clarifies the treatment of such Resources within these Protocols.

Proposed Effective Date: Upon System Implementation – Priority 2014; Rank 1130

ERCOT Impact Analysis: \$80k - \$120k; no impacts to ERCOT staffing; impacts to Registration System (REG), Enterprise Integration (EI), Market Management Systems (MMS), Settlements and Billing (S&B), Enterprise Information Services (EIS), Energy Management System (EMS), Common Information Model (CIM), and Market Information System (MIS); no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports NPRR588 as it clarifies the treatment of PVGRs.

TAC Decision: On 4/24/14, TAC unanimously voted to recommend approval of NPRR588 as recommended by PRS in the 4/10/14 PRS Report.

- ***NPRR597, Utilize Initial Estimated Liability (IEL) Only During Initial Market Activity [ERCOT]***

Revision Description: This NPRR clarifies that the Initial Estimated Liability (IEL) component of the Estimated Aggregate Liability (EAL) calculation is to be used only during the first 40 days of a Counter-Party's activity in ERCOT markets.

Proposed Effective Date: Upon System Implementation – Priority 2014; Rank 1140

ERCOT Impact Analysis: \$15k - \$25k; no impacts to ERCOT staffing; impacts to Credit Monitoring and Management (CMM); no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR597.

TAC Decision: On 4/24/14, TAC unanimously recommended approval of NPRR597 as recommended by PRS in the 4/10/14 PRS Report. *See 4/15/14 CWG comments.*

- ***NPRR599, Removal of FGR-Specific Settlement Language [ERCOT].***

Revision Description: As a result of there being no Flowgate Rights (FGRs) in the Nodal Protocols, language regarding the Settlement of FGRs has become misaligned with the current market design. This NPRR removes the substance of Sections 7.9.1.4, Payments for FGRs Settled in DAM, and 7.9.2.4, Payments for FGRs in Real-Time, which are specific to the Settlements of FGRs. The Protocol sections are retained so that appropriate Settlement language can be more easily introduced at such time that the stakeholders determine that an FGR should be defined.

Proposed Effective Date: July 1, 2014

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 NPRR599.

TAC Decision: On 4/24/14, TAC unanimously voted to recommend approval of NPRR599 as recommended by PRS in the 4/10/14 PRS Report.

- ***NPRR600, Removal of Outdated Language to Scheduling and Operations of BLT Section [ERCOT].***

Revision Description: This NPRR proposes deleting paragraph (3) of Section 6.5.9.5.2, Scheduling and Operation of BLTs, which describes the situation in which ERCOT generators could be isolated in the event of a Block Load Transfer (BLT) that transferred ERCOT Load to a Non-ERCOT Control Area, as this event can no longer occur.

Proposed Effective Date: July 1, 2014

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 NPRR600.

TAC Decision: On 4/24/14, TAC unanimously voted to recommend approval of NPRR600

as recommended by PRS in the 4/10/14 PRS Report.

- ***NPRR601, Inclusion of Incremental Exposure in Mass Transitions to Counter-Parties that are Registered as QSEs and LSEs and Provide POLR Service [ERCOT].***

Revision Description: This NPRR revises the calculation of credit exposure for Counter-Parties that are registered as Qualified Scheduling Entities (QSEs) and Load Serving Entities (LSEs) and provide Provider of Last Resort (POLR) service as a result of Mass Transition of a defaulting Counter-Party with Load.

Proposed Effective Date: Upon System Implementation – Priority 2014; Rank 1150

ERCOT Impact Analysis: \$25k - \$35k; no impacts to ERCOT staffing; impacts to CMM; ERCOT business processes will be updated; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR601.

TAC Decision: On 4/24/14, TAC voted to recommend approval of NPRR601 as recommended by PRS in the 4/10/14 PRS Report. There was one abstention from the Investor Owned Utility (IOU) Segment.

- ***NPRR606, Removal of Risk Management Verification Fee [ERCOT]***

Revision Description: This NPRR removes the language establishing the risk assessment fee from the Protocols which currently allow ERCOT to assess a fee to eligible Counter-Parties for all or part of the costs of verifying the risk management framework.

Proposed Effective Date: July 1, 2014

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 NPRR606.

TAC Decision: On 5/29/14, TAC unanimously voted to recommend approval of NPRR606 as recommended by PRS in the 5/15/14 PRS Report.

- ***NPRR607, Short-Term System Adequacy Report Posting Modification [ERCOT]***

Revision Description: This NPRR aligns the Protocols with current ERCOT business practice for posting the Short-Term System Adequacy Report by removing language requiring ERCOT to post the report upon detection of a change to Resource Status that changes the availability of a Resource.

Proposed Effective Date: July 1, 2014

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 NPRR607.

TAC Decision: On 5/29/14, TAC unanimously voted to recommend approval of NPRR607 as recommended by PRS in the 5/15/14 PRS Report.

- ***NPRR609, ERCOT System Administration Fee and User Fees [ERCOT]***

Revision Description: This NPRR clarifies the distinction between the ERCOT System

Administration fee approved by the Public Utility Commission of Texas (PUCT) and user fees approved by the ERCOT Board.

Proposed Effective Date: July 1, 2014

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 NPRR609.

TAC Decision: On 5/29/14, TAC unanimously voted to recommend approval of NPRR609 as recommended by PRS in the 5/15/14 PRS Report.

- ***NPRR610, Eliminate Late Fees and Late Fee Invoices [ERCOT]***

Revision Description: This NPRR eliminates late fees and related Late Fee Invoices. The imposition of late fees has not been effective in deterring late payments by Settlement Invoice Recipients; and late fees charged have not exceeded \$100.

Proposed Effective Date: July 1, 2014

ERCOT Impact Analysis: Less than \$10k (O&M); no impacts to ERCOT staffing; minor impacts to ERCOT computer systems; ERCOT business processes will be updated; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR610.

TAC Decision: On 5/29/14, TAC unanimously voted to recommend approval of NPRR610 as recommended by PRS in the 5/15/14 PRS Report.

- ***NPRR613, Clarification of Fuel Adder into the Mitigated Offer Cap [ERCOT]***

Revision Description: This NPRR clarifies the implementation of the fuel adder into the Mitigated Offer Cap as provided in NPRR485, Clarification for Fuel Adder Provisions, approved by the ERCOT Board of Directors on 11/13/2012, and as planned to take effect upon ERCOT's implementation of the automated solution of NPRR485.

Proposed Effective Date: July 1, 2014

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 NPRR613.

TAC Decision: On 5/29/14, TAC unanimously voted to recommend approval of NPRR613 as recommended by PRS in the 5/15/14 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/2014/06/20140610-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 588, 597, 599, 600, 601, 606, 607, 609, 610, and 613.

TAC considered the issues and voted to take action on regarding NPRRs 588, 597, 599, 600, 601, 606, 607, 609, 610, and 613.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 588, 597, 599, 600, 601, 606, 607, 609, 610, and 613.

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 Revision Requests:

- NPRR588, Clarifications for PV Generation Resources;
- NPRR597, Utilize Initial Estimated Liability (IEL) Only During Initial Market Activity;
- NPRR599, Removal of FGR-Specific Settlement Language;
- NPRR600, Removal of Outdated Language to Scheduling and Operations of BLT Section;
- NPRR601, Inclusion of Incremental Exposure in Mass Transitions to Counter-Parties that are Registered as QSEs and LSEs and Provide POLR Service;
- NPRR606, Removal of Risk Management Verification Fee;
- NPRR607, Short-Term System Adequacy Report Posting Modification;
- NPRR609, ERCOT System Administration Fee and User Fees;
- NPRR610, Eliminate Late Fees and Late Fee Invoices; and
- NPRR613, Clarification of Fuel Adder into the Mitigated Offer Cap.

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRRs 588, 597, 599, 600, 601, 606, 607, 609, 610, and 613.

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