



Date: December 2, 2014
To: Board of Directors
From: John Dumas, ERCOT Director of Wholesale Markets Operations
Subject: Price Corrections for Some Settlement Points in Real-Time Market (RTM)
Affected by a System Error for Operating Days October 6-17, 2014

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: December 9, 2014

Item No.: 8

Issue:

Pursuant to paragraph 6 of Protocol Section 6.3, Adjustment Period and Real-Time Operations Timeline, whether the ERCOT Board of Directors (Board) should approve price corrections for Real-Time Locational Marginal Prices (RTLMPs) and Real-Time Settlement Point Prices (RTSPPs) for Operating Days October 6, 2014 through October 17, 2014, for some Settlement Points (including Resource Nodes, Hubs, Load Zones and DC Tie Load Zones) which were affected by a system error.

Background/History:

ERCOT staff has identified an issue related to the recent implementation of Nodal Protocol Revision Request (NPRR) 485, Clarification for Fuel Adder Provisions. The fuel adder for Resources having Verifiable Costs was scheduled to take effect on Operating Day October 6, 2014 0000. However, the fuel adder used in the Mitigated Offer Curve (MOC) was incorrectly set to zero for all Resources having Verifiable Costs due to a system error from Operating Days October 6, 2014 0000 to October 17, 2014 1500. This issue has been fixed for all the Security-Constrained Economic Dispatch (SCED) intervals after Operating Day October 17, 2014 1500. During the affected timeframe, the MOC for Resources having Verifiable Costs was reduced since the fuel adder was set to 0. In turn, this issue has impacted Real-Time prices including RTLMPs and RTSPPs for some Settlement Points during the affected timeframe.

Paragraph 6 of Protocol Section 6.3 (October 1, 2014 Version) states in part the following:

All Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, Real-Time Reserve Prices for On-Line Reserves, Real-Time Reserve Prices for Off-Line Reserves, Real-Time On-Line Reserve Price Adders, Real-Time Off-Line Reserve Price Adders and SASM MCPCs are final at 1600 of the second Business Day after the Operating Day.

(a) However, after Real-Time LMPs, Real Time Settlement Point Prices, Real-Time prices for energy metered, Real-Time Reserve Prices for On-Line Reserves, Real-Time Reserve Prices for Off-Line Reserves, Real-Time On-Line Reserve Price Adders, Real-Time Off-Line Reserve Price Adders and SASM MCPCs are final, if ERCOT determines that prices are in need of correction and seeks ERCOT Board review of such prices, it shall notify Market Participants and describe the need for such correction as soon as practicable but no later than 30 days after the Operating Day. . . .

- (b) The ERCOT Board may review and change Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, Real-Time Reserve Prices for On-Line Reserves, Real-Time Reserve Prices for Off-Line Reserves, Real-Time On-Line Reserve Price Adders, Real-Time Off-Line Reserve Price Adders and SASM MCPCs if ERCOT gave timely notice to Market Participants and the ERCOT Board finds that such prices are significantly affected by an error.

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ERCOT staff discovered this system error on October 17, 2014 and fixed this issue for all the SCED intervals after 1500 of Operating Day October 17, 2014. On October 21, 2014, ERCOT staff posted a notice to the Market Information System (MIS) Public Area indicating that this issue was under investigation. By the time of the notice, the RTLMPs and RTSPPs for these affected Operating Days had already become final under the ERCOT Protocols. ERCOT staff finished a preliminary impact assessment for this system error on October 31, 2014. The impact assessment shows that this system error resulted in incorrect RTLMPs and RTSPPs for many Settlement Intervals for Operating Days October 6, 2014 through October 13, 2014 and October 17, 2014. Operating Days October 14, 2014 through October 16, 2014 were not impacted by this system error. Thus, on October 31, 2014, ERCOT staff issued a Market Notice announcing ERCOT's intention to remedy this system error by requesting a price correction at the next regularly scheduled Board meeting.

As such, ERCOT staff recommends that the Board authorize ERCOT to correct RTLMPs and RTSPPs for Operating Days October 6, 2014 through October 17, 2014, for the Settlement Points affected by a system error.

ERCOT staff would begin resettlement of the impacted Operating Days no earlier than 36 days after the Board issues a Resolution authorizing these price corrections.

ERCOT staff's recommended price corrections for RTLMPs and RTSPPs for Operating Days October 6, 2014 through October 17, 2014 will be provided to Board members with the meeting materials in connection with this agenda item. All data will be posted to the Board's webpage on the ERCOT website.

Key Factors Influencing Issue:

Due to a system error, the RTLMPs and RTSPPs for some Settlement Points were incorrect for Operating Days October 6, 2014 through October 17, 2014. Since these prices are considered final under the ERCOT Protocols, ERCOT staff recommends that the Board approve price corrections for the affected RTM Settlement Intervals.

Conclusion/Recommendation:

As more specifically described above, ERCOT staff recommends that the Board approve the price corrections of RTLMPs and RTSPPs for Operating Days October 6, 2014 through October 17, 2014, for the Settlement Points affected by the system error.



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

WHEREAS, paragraph 6 of Protocol Section 6.3 (October 1, 2014 Version), Adjustment Period and Real-Time Operations Timeline, authorizes the ERCOT Board of Directors (Board) to approve price corrections only upon a finding that Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, Real-Time Reserve Prices for On-Line Reserves, Real-Time Reserve Prices for Off-Line Reserves, Real-Time On-Line Reserve Price Adders, Real-Time Off-Line Reserve Price Adders and SASM MCPCs have been significantly affected by an error;

WHEREAS, the Board deems it desirable and in the market's best interest to correct RTLMPs and RTSPPs for Operating Days October 6, 2014 through October 17, 2014 for the Settlement Points affected by a system error;

THEREFORE BE IT RESOLVED that the Board hereby authorizes ERCOT staff to implement the appropriate price corrections no earlier than 36 days after the date this Resolution is adopted.

CORPORATE SECRETARY'S CERTIFICATE

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its December 9, 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 December, 2014.

Vickie G. Leady
Assistant Corporate Secretary