



Date: August 4, 2015
To: Board of Directors
From: Brad Jones, ERCOT Senior Vice President and Chief Operating Officer
Subject: Price Corrections for Operating Reserve Demand Curve Real-Time On-Line and Off-Line Reserve Price Adders, Real-Time Settlement Point Prices and Other Prices for Certain Intervals Related to Operating Days June 4, 2015, June 6 through June 19, 2015 and June 23, 2015

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: August 11, 2015

Item No.: 7

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 Operating Reserve Demand Curve (ORDC) Real-Time On-Line and Off-Line Reserve Price Adders, Real-Time Settlement Point Prices (RTSPPs) and other prices for certain intervals related to Operating Days June 4, 2015, June 6 through June 19, 2015 and June 23, 2015, which were affected by a data error used in the ORDC.

Background/History:

ERCOT staff has identified a need to correct the mean and standard deviation for the Loss of Load Probability (LOLP) distributions used in the ORDC, beginning June 1, 2015. The correction affects ORDC price adders for less than 20% of the Settlement Intervals from Operating Day June 4, 2015 through Operating Day June 23, 2015. The impacted prices include:

- Real-Time On-Line Reserve Price Adder (RTORPA)
- Real-Time Off-Line Reserve Price Adder (RTOFFPA)
- Real-Time Reserve Price for On-Line Reserves (RTRSVPOR)
- Real-Time Reserve Price for Off-Line Reserves (RTRSVPOFF)
- Real-Time Settlement Point Prices (RTSPP)
- Real-Time Settlement Point Price Energy-Weighted (RTSPPEW)
- EPS Meter Prices (RTRMPR)

Paragraph 6 of Protocol Section 6.3 (July 1, 2015 Version) states in part the following:

All Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, Real-Time On-Line Reliability Deployment Price Adders, Real-Time On-Line Reliability Deployment Prices, 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 On-Line Reliability Deployment Price Adders, Real-Time On- Line Reliability Deployment Prices, 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 On-Line Reliability Deployment Price Adders, Real-Time On- Line Reliability Deployment Prices, 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.

. . . .

ERCOT staff discovered this data error on June 25, 2015 and the correction was implemented for the Security-Constrained Economic Dispatch (SCED) runs starting from Operating Day June 25, 2015, hour 17:00. The impacted prices for Operating Days June 4 through June 23 had already become final under the ERCOT Protocols. On June 26, 2015, ERCOT staff posted a Market Notice (W-B062615-01) indicating that ERCOT staff would seek Board review of impacted prices for the period of June 1, 2015 through June 23, 2015. ERCOT staff updated the mean and standard deviations posting on June 26, 2015. Based upon ERCOT staff's analysis, this data error resulted in incorrect prices for certain intervals on the following Operating Days: June 4, 2015; June 6, 2015 through June 19, 2015; and June 23, 2015. As such, the prices were not impacted by this data error for the remaining Operating Days during this period.

ERCOT staff recommends that the Board authorize ERCOT to correct the above prices for Operating Days June 4, 2015, June 6 through June 19, 2015, and June 23, 2015 that were affected by a data error in the ORDC.

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 the affected Operating Days of June 4, 2015, June 6 through June 19, 2015, and June 23, 2015 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 data error in the ORDC, certain prices for some SCED intervals were incorrect for Operating Days June 4, 2015, June 6 through June 19, 2015, and June 23, 2015. Since these prices are considered final under the ERCOT Protocols, ERCOT staff recommends that the Board approves price corrections for the affected intervals.

Conclusion/Recommendation:

As more specifically described above, ERCOT staff recommends that the Board approve the price corrections for Operating Days June 4, 2015, June 6 through June 19, 2015, and June 23, 2015.



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

WHEREAS, paragraph 6 of Protocol Section 6.3 (July 1, 2015 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 On-Line Reliability Deployment Price Adders, Real-Time On- Line Reliability Deployment Prices, 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 the prices for Operating Days June 4, 2015, June 6 through June 19, 2015, and June 23, 2015 for the Settlement Points affected by a data error in the Operating Demand Reserve Curve (ORDC);

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, Vickie Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its August 11, 2015 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of August, 2015.

Vickie G. Leady
Assistant Corporate Secretary



Agenda Item 7

Price Corrections for Operating Reserve Demand Curve Real-Time On-Line and Off-Line Reserve Price Adders, Real-Time Settlement Point Prices and Other Prices for Certain Intervals Related to Operating Days June 4, 2015, June 6 through June 19, 2015 and June 23, 2015

The recommended price correction data for Operating Days June 4, 2015, June 6 through June 19, 2015 and June 23, 2015, has not been uploaded to Diligent Board Books. Please refer to the ERCOT website at:
<http://www.ercot.com/calendar/2015/8/11/31884-BOARD>
to view this information.