Date: October 6, 2015
To: ERCOT Board of Directors
From: Randa Stephenson, Technical Advisory Committee (TAC) Chair
Subject: Non-Unanimous Nodal Protocol Revision Requests (NPRRs) Recommended by TAC for Approval

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: October 13, 2015
Item No.: 9.1

Issue:
Consideration of the following Revision Requests recommended for approval by TAC (with opposing votes recorded):

- NPRR689, Settlement of Ancillary Service Assignment in Real-Time Operations; and
- NPRR714, Real-Time Make-Whole Payment for Exceptional Fuel

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.

- ***NPRR689, Settlement of Ancillary Service Assignment in Real-Time Operations [QMWG]***
  Revision Description: This Nodal Protocol Revision Request (NPRR) provides a Settlement mechanism for NPRR663, Ancillary Service Insufficiency Actions, by addressing the Settlement of Ancillary Services assigned during Real-Time Operations.
  Proposed Effective Date: Upon system implementation.
  ERCOT Impact Analysis: Less than $10k (O&M); no impacts to ERCOT staffing; impacts to Settlements and Billing (S&B), Registration System (REG), and Market Information System (MIS); ERCOT business processes will be updated; ERCOT grid operations and practices will be updated.
  ERCOT Opinion: ERCOT supports approval of NPRR689 as it aligns Settlement processes for Ancillary Service assignments in Real-Time proposed by NPRR663.
  TAC Decision: On 9/24/15, TAC voted via roll call vote to recommend approval of NPRR689 as recommended by PRS in the 9/10/15 PRS Report. There were six opposing votes from the Consumer Market Segment (OPUC, City of Lewisville, City of Eastland, CMC Steel Texas, Air Liquide, and Residential Consumer).

- ***NPRR714, Real-Time Make-Whole Payment for Exceptional Fuel Cost [GDF Suez]***
  Revision Description: This NPRR restores the manual process for Real-Time Make-Whole Payments and Charges to address exceptional fuel cost events; and includes revisions that clarify and improve the Settlement calculations for the manual process consistent with

the intent of NPRR664, Fuel Index Price for Resource Definition and Real-Time Make-Whole Payments for Exceptional Fuel Cost Events.

Proposed Effective Date: November 1, 2015 (manual) until June 1, 2017 - Priority 2015; Rank 1370 (partial automation)

ERCOT Impact Analysis: Between $60k and $70k; no impacts to ERCOT staffing; impacts to S&B; ERCOT business processes will be updated; no impacts to ERCOT grid operations and practices.

ERCOT Opinion: ERCOT supports approval of NPRR714 as it provides a methodology for addressing exceptional fuel cost events.

TAC Decision: On 9/24/15, TAC voted via roll call vote to recommend approval of NPRR714 as recommended by PRS in the 9/10/15 PRS Report with a sunset date of June 1, 2017. There was one opposing vote from the Independent Retail Electric Provider (IREP) Market Segment (Direct Energy) and six abstentions from the IREP (3) (Source Power and Gas, Just Energy, and Champion Energy Services), Investor Owned Utility (1) (CenterPoint Energy) and Consumer (2) (CMC Steel Texas and Air Liquide) Market Segments.

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/2015/10/13/31858-BOARD

In addition, these Revision Requests and supporting materials are posted on the ERCOT website at the following link:

http://www.ercot.com/mktrules/nprotocols/nprr

Key Factors Influencing Issue:

The PRS met, discussed the issues, and submitted a report to TAC regarding NPRRs 689 and 714 as described herein.

TAC considered the issues and voted to take action on NPRRs 689 and 714 as described above.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 689 and 714 as described herein.

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 Nodal Protocol Revision Requests (NPRRs):

- NPRR689, Settlement of Ancillary Service Assignment in Real-Time Operations; and
- NPRR714, Real-Time Make-Whole Payment for Exceptional Fuel

THEREFORE be it RESOLVED, that the ERCOT Board hereby approves NPRRs 689 and 714.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its October 13, 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 October 2015.

_____
Vickie G. Leady
Assistant Corporate Secretary