



Date: April 12, 2016
To: Board of Directors
From: Randa Stephenson, Technical Advisory Committee (TAC) Chair
Subject: Application for Permanent Site-Specific Exemption from Compliance with Paragraphs ~~(2)(b) and (56)~~ of Protocol Section 10.3.2.3, Generation Netting for ERCOT-Polled Settlement Meters - Revised (Corrected Erroneous Protocol Reference)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: April 19, 2016

Item No.: 2.2

Issue:

Whether the ERCOT Board of Directors (Board) should approve NRG Texas Power LLC's (NRG's) application for permanent site-specific exemption from compliance with paragraphs ~~(2)(b) and (56)~~ of Protocol Section 10.3.2.3.

Background/History:

Paragraphs ~~(2)(b) and (56)~~ of Protocol Section 10.3.2.3 provides:

- ~~(2) For Settlement purposes, generation netting is not allowed except under one of the following conditions:~~
- ~~(b) Multiple POIs where the Loads and generator output are electrically connected to a common switchyard, as defined in paragraph (6) below. In addition, there must be sufficient generator capacity to serve all plant Loads for netting to occur;~~
- ~~(56) All Load(s) included in the netting arrangement for an EPS Metering Facility shall only be electrically connected to the ERCOT Transmission Grid through the EPS metering point(s) for such Facility. Such Loads shall not be electrically connected to the ERCOT Transmission Grid through electrical connections that are not metered by the EPS metering point(s) for the Facility. For purposes of this Section, a common switchyard is defined as an electric substation Facility where the POI for Load and Generation Resources are located at the same Facility but where the interconnection points are physically not greater than 400 yards apart. The physical connections of the Load to its POI and the Generation Resource to its POI cannot be Facilities that have been placed in a TSP's or DSP's rate base.~~

On 3/31/16, TAC unanimously approved NRG's application for a permanent exemption under the provisions of and in accordance with the information and data requirements found in Protocol Section 10.14.3.1, Information to be Included in the Application. Each of the

requirements and a summary of the associated portions of the application are as follows:

The application for exemption to ERCOT shall include:

- (a) A detailed description of the exemption sought, including specific reference to the relevant Section(s) of these Protocols or the SMOG authorizing ERCOT to grant the exemption, and the Metering Facilities to which the exemption will apply;*

NRG seeks approval by TAC and the ERCOT Board for a permanent exemption from the requirements in paragraph (6) of Protocol Section 10.3.2.3, for the W. A. Parish Generating Station including all 14 ERCOT-Polled Settlement (EPS) Meters at the site (TDSP Project Numbers 100-WAP138 and 100-WAP345).

- (b) A detailed statement of the reason for seeking the exemption, including any supporting documentation;*

The W.A. Parish Generating Station is wholly-owned by NRG Texas Power LLC, and is situated in Fort Bend County. With a combined name plate capacity of approximately 4,000 MW, consisting of four coal-fired generating units, four gas-fired units, and a single simple-cycle gas turbine utilized as a Black Start Resource, W. A. Parish is one of the largest and most complex generating stations in the state. Since Unit 1 went into commercial operation in 1958, the facility has been serving the people of Texas continuously for over 55 years. With the newest unit at the site (WAP-8) being 34 years old, the station predates not only the ERCOT Nodal Market, but also the deregulation of the wholesale electricity market in Texas.



Interconnecting with 20 different 138 kV and 345 kV transmission lines, the initial design of the station sought to maximize reliability by integrating operations across the entire site, including the capability for one unit to provide startup power to another in the event of a total, or partial, blackout of the ERCOT grid. The station has always been registered as a single facility, and is settled under a single settlement statement, but has two different Meter Design Proposals: one for the 138 kV portion of the site, comprising 11 EPS meters, and the other for the 345 kV portion, comprising three EPS meters.

Paragraph (6) of Protocol Section 10.3.2.3 allows the use of net metering for a facility with multiple Points of Interconnection (POIs), provided that the POIs are physically within 400 yards. On November 17, 2015, ERCOT held a conference call with NRG to discuss W. A. Parish registration under a single Resource Asset Registration Form (RARF) with two approved EPS Metering Design Proposals. Subsequent conversations between ERCOT, NRG, and CenterPoint Energy determined that the POIs for the 138 kV system and the 345 kV system at the site were in excess of the 400 yard limit (the furthestmost POIs are approximately 950 yards apart). Additionally, there are electrical connections in the station's electrical distribution system that can provide a path to supply certain loads from either the 138 kV system or the 345 kV system, effectively cross-connecting them. The fully integrated nature of the plant design and the cross-connection capability within the distribution system at the plant

(all of which predates any ERCOT Protocol requirement) clearly meets the intent of the net metering requirements.



(c) *Details of the Entity(s) to which the exemption will apply;*

The exemption will apply to NRG Texas Power LLC, as the registered Resource Entity and Qualified Scheduling Entity (QSE) for the W.A. Parish Generating Station.

(d) *Details of the location to which the exemption will apply;*

The location to which the exemption will apply is the W. A. Parish Generating Station located at 2500 Y. U. Jones Road, Thompsons, TX, 77481 and includes all 14 EPS meters at the site (TDSP Project Numbers 100-WAP138 and 100-WAP345).

(e) *Details of the period of time for which the exemption will apply, including the proposed start and finish dates of that period; and*

The permanent exemption will start upon the date of approval by the Board. There is no end date to this exemption.

(f) *Any other information requested by ERCOT.*



Besides satisfying the requirements in Protocol Section 10.14, Exemptions from Compliance to Metering Protocols, this application also addresses questions posed in “ERCOT’s General Guidelines for Considering ERCOT Polled Settlement (EPS) Metering Facility Exemptions,” which is posted on the Market Information System (MIS). The proposed exemption does not introduce any known metering inaccuracies, as it merely consolidates the two existing, approved Meter Design Proposals. There are also no changes or impacts to the ERCOT settlements processes expected from the proposed exemption. NRG has worked closely with CenterPoint Energy on both the temporary and the permanent metering exemption request, and CenterPoint supports the proposed exemption.

Key Factors Influencing Issue:

On March 3, 2016, ROS voted to unanimously endorse NRG’s application for permanent site-specific exemption from compliance with paragraphs ~~(2)(b) and~~ (56) of Protocol Section 10.3.2.3.

On March 31, 2016, TAC voted to unanimously approve NRG’s application for permanent site-specific exemption from compliance with paragraphs ~~(2)(b) and~~ (56) of Protocol Section 10.3.2.3.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NRG’s application for permanent site-specific exemption from compliance with paragraphs ~~(2)(b) and~~ (56) of Protocol Section 10.3.2.3.



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

WHEREAS, paragraphs ~~s (2)(b) and~~ (56) of Section 10.3.2.3 of the Electric Reliability Council of Texas, Inc. (ERCOT) Protocols impose requirements related to generation netting for Generation Resource Facilities;

WHEREAS, NRG Texas Power LLC (NRG) has submitted a permanent site-specific exemption application from compliance with paragraphs ~~s (2)(b) and~~ (56) of Protocol Section 10.3.2.3 for the Metering Facilities at the W.A. Parish Generating Station;

WHEREAS, the ERCOT Board of Directors (Board) concurs with the March 31, 2016 Technical Advisory Committee (TAC) recommendation to approve NRG's permanent site-specific exemption application; and

WHEREAS, after due consideration of the alternatives, the ERCOT Board deems it desirable and in ERCOT's best interest to approve NRG's permanent site-specific exemption application;

THEREFORE, BE IT RESOLVED, that the ERCOT Board approves NRG's application for permanent site-specific exemption from compliance with paragraphs ~~s (2)(b) and~~ (56) of Protocol Section 10.3.2.3 for the W. A. Parish Generating Station, including all 14 ERCOT-Polled Settlement (EPS) Meters at the site (TDSP Project Numbers 100-WAP138 and 100-WAP345).

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its April 19, 2016 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of April, 2016.

Vickie G. Leady
Assistant Corporate Secretary