



Item 8: TAC Report - Revised

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2016 TAC Chair

Board of Directors Meeting

ERCOT Public
April 19, 2016

Summary of TAC Update

Revision Requests Recommended for Approval by TAC – Unopposed (Vote):

- NPPRR741, Clarifications to TPE and EAL Credit Exposure Calculations
- NPPRR744, RUC Trigger for the Reliability Deployment Price Adder and Alignment with RUC Settlement
- NPPRR746, Adjustments Due to Negative Load
- NPPRR748, Revisions associated with COM-002-4 and Other Clarifications Associated with Dispatch Instructions
- NPPRR749, Option Cost for Outstanding CRRs
- NPPRR750, Clarify Resource Status when Providing Fast Responding Regulation Service
- SCR787, Maintain NDCRC Data For Generator Transfer Between Resource Entities Possible opposing vote at TAC

Summary of TAC Update

Revision Request Recommended for Approval by TAC – With Opposing Votes (Vote):

- NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Overrides
- NPRR745, Change ERS Availability from an Hourly to 15-minute Interval Evaluation plus Other Minor Changes

February/March TAC Highlights

- NRG Application for Permanent Site-Specific Exemption from Compliance with ERCOT Nodal Metering
- Annual Review of Other Binding Document List
- Election of TAC Vice Chair
- Confirmation of RMS Leadership
- TAC Goals & Strategic Initiatives

Summary of TAC Update

Guide Revisions Approved by TAC

- NOGRR143, Alignment of Nodal Operating Guides with NERC Reliability Standard, BAL-001-TRE-1

Revision Requests with Opposing Votes (Vote)

NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Overrides

Purpose (ERCOT)	<p>This NPRR proposes a compensation mechanism for Generation Resources that are issued a HDL manual override that results in a real power reduction (subject to certain criteria). The proposed mechanism compensates the QSE for financial loss associated with variable cost components of DAM obligations or bilateral contracts arising from the HDL manual override. ERCOT submits this NPRR to satisfy its obligations under a settlement agreement reached with Odessa Ector Power Partners, LP in PUCT Docket 41790. ERCOT's submission of this NPRR does not imply ERCOT's support for or opposition to the principles stated in this NPRR.</p>
TAC Vote	<p>On 3/31/16, TAC voted via roll-call vote to recommend approval of NPRR649 as recommended by PRS in the 11/12/15 PRS Report and as amended by the 2/22/16 ERCOT comments. There were five opposing votes from the Consumer (Office of Public Utility Council, Residential Consumer, City of Lewisville, City of Eastland, CMC Steel Texas) Market Segment and two abstentions from the IOU (CenterPoint) and Cooperative (LCRA) Market Segments.</p>
ERCOT Opinion	<p>ERCOT supports approval of NPRR649.</p>
Effective Date/Priority	<p>Upon system implementation – Priority 2016; Rank 1520</p>
ERCOT Impact	<p>\$50k - \$75k; no impacts to ERCOT staffing are expected if HDL overrides remain at current levels; impacts to Settlements & Billing (S&B) and Registration System (REG); ERCOT business processes will be updated; no impacts to ERCOT Grid operations and practices.</p>
Business Case Highlights	<p>This NPRR is needed to ensure Resources are not financially harmed by following ERCOT reliability instructions. In the past, these instructions have been documented to exceed \$300k (PUCT #41790, ODESSA-ECTOR POWER PARTNERS, L.P.'S APPEAL AND COMPLAINT AGAINST ERCOT'S DENIAL OF SETTLEMENT DISPUTES). In the future, with the increase offer caps these losses on a single resource following instructions could be much more significant. This NPRR also may reduce costly appeals and arbitration and satisfies ERCOT's obligations under settlement agreement from PUCT #41790. In the event of an HDL override, this NPRR will, under certain circumstances, provide payments to QSEs representing Generation Resources and impose charges on QSEs representing Load.</p>



NPRR745, Change ERS Availability from an Hourly to 15-minute Interval Evaluation plus Other Minor Changes

Purpose (ERCOT)	<p>This NPRR proposes numerous minor changes to Emergency Response Service (ERS) including changes to the Resource identification process, to outdated ERS nomenclature, to the deadline for Qualified Scheduling Entities (QSEs) to submit notice of ERS Load unavailability, to the deadline for QSEs to revise planned maintenance or self-test schedules for ERS Generators, to the testing exemption for an ERS Resource; and specifies metering options for sites with Distributed Renewable Generation (DRG).</p>
TAC Vote	<p>On 3/31/16, TAC voted to recommend approval of NPRR745 as recommended by PRS in the 3/10/16 PRS Report. There was one opposing vote from the Independent Power Marketer (IPM) (Morgan Stanley) Market Segment.</p>
ERCOT Opinion	<p>ERCOT supports approval of NPRR745.</p>
Effective Date/Priority	<p>Upon system implementation</p>
ERCOT Impact	<p>Less than \$10k (O&M); ERS System</p>
Business Case Highlights	<p>The most significant change is shifting the availability calculations from an hourly to a 15-minute interval evaluation. This will make the evaluation for availability consistent with that for test and event performance. Most of the remaining changes being proposed are to (1) add detail to Protocol language to better comport with existing business procedures, or (2) remove or replace outdated ERS terminology.</p>



February/March TAC Highlights

February/March TAC Highlights - Revised

(Corrected Erroneous Protocol Reference)

NRG Application for Permanent Site-Specific Exemption from Compliance with ERCOT Nodal Metering.

On 3/31/16, TAC unanimously approved NRG's 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.

Annual Review of Other Binding Document List.

On 3/31/16, TAC unanimously voted to approve the Other Binding Document list as presented by ERCOT. Provisions of the Protocols require annual TAC review of the Other Binding Document list.

Election of 2016 TAC Vice Chair.

Vice Chair: Adrienne Brandt (CPS Energy)

Confirmation of 2016 Retail Market Subcommittee (RMS) Leadership

Chair: Kathy Scott (CenterPoint Energy)

Vice Chair: Rebecca Reed Zerwas (Reliant Energy Retail Services)

TAC Goals and Strategic Initiatives

- On 2/25/16, TAC reviewed and unanimously voted to approve its goals and strategic initiatives for 2016.
- At the February and March Subcommittee meetings, each Subcommittee reviewed their 2016 goals to ensure that they align with the 2016 TAC Goals and Strategic Initiatives.
- On 2/25/16 & 3/31/16, TAC reviewed and unanimously voted to approve the 2016 Subcommittee Goals.

2016 TAC Goals

1. Align TAC and Subcommittee Goals with the ERCOT Board of Directors' strategic vision to work with ERCOT Staff to achieve the Board's vision for ERCOT.
2. Maintain rules that support ERCOT system reliability, promote market solutions, and are consistent with PURA, PUC, and NERC Reliability Standards.
3. Monitor resource adequacy and make improvements as necessary.
4. Collaborate with ERCOT Staff on current trends in fuel prices and installed resource costs through market changes.
5. Develop and implement needed market design corrections and improvements which are cost effective.
6. Pursue the appropriate implementation of load participation.
7. Pursue the appropriate implementation of emerging technologies.
8. Implement Retail Market improvements and requirements.
9. Facilitate market improvements necessary to leverage the capabilities of Advanced Metering Systems (AMS) in the retail market and improve the integrity and availability of AMS data to Market Participants.
10. Improve settlement processes to facilitate changes in the ERCOT market design.
11. Collaborate with ERCOT Staff on the review of ancillary service needs and implement changes as necessary.
12. Maintain market rules that support open access to the ERCOT markets and transmission network.
13. Work with ERCOT Staff to develop Protocols and market improvements that support increased data transparency and data availability to the market.
14. Work with ERCOT Staff to ensure appropriate credit and collateral rules exist or are created to facilitate market changes.



TAC Strategic Initiatives

1. Subsynchronous Oscillation (SSO) – ROS
2. Load participation in price formation – WMS
3. Outage Coordination Improvements – ROS
4. Switchable Generation – WMS
5. Distributed Energy Resources – WMS and TAC
6. Real-Time Cooptimization – WMS
7. Multi-Interval Real-Time Market – WMS
8. Future Ancillary Services – TAC
9. Future of Smart Meter Texas – RMS
10. Review of Planning Processes – ROS
11. Implementation of Outage Scheduler Revisions (NPRR219 and SCR783) – ERCOT

Notice of Guide Revisions Approved by TAC

NOGRR143, Alignment of Nodal Operating Guides with NERC Reliability Standard, BAL-001-TRE-1.

This Nodal Operating Guide Revision Request (NOGRR) aligns the Nodal Operating Guides with North American Electric Reliability Corporation (NERC) Reliability Standard, BAL-001-TRE-1.

Appendix: NPRR649 Procedural History

Background for NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Overrides

On 9/12/14, NPRR649 was submitted by ERCOT with two options to provide an opportunity cost payment mechanism to generators that have received a High Dispatch Limit (HDL) override that results in reduced power. The NPRR was submitted to satisfy ERCOT's obligations under a settlement agreement with Odessa Ector Power Partners in in PUCT Docket 41790.

On 10/9/14, NPRR649 was referred to WMS to review and discussed in subgroups.

On 10/7/15, WMS unanimously voted to endorse NPRR649 as amended by the 9/30/15 ERCOT comments.

On 11/12/15, PRS voted to endorse and forward to TAC the 10/15/15 PRS Report as amended by the 11/11/15 Odessa-Ector comments and the revised Impact Analysis (\$150k - \$200k) for NPRR649 with a recommended priority of 2016 and rank of 1520. There was one opposing vote from the Consumer Market Segment and one abstention from the IREP Market Segment.

Background for NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Overrides

On 11/19/15, TAC voted via roll call ballot on a motion to recommend approval NPRR649 as recommended by PRS in the 11/12/15 PRS Report and as revised by TAC. The motion failed with 12 opposing votes from the Consumer (6) (OPUC, Residential, City of Lewisville, City of Eastland, CMC Steel Texas, Air Liquide), Cooperative (3) (Brazos, Rayburn, LCRA), and Independent Retail Electric Provider (IREP) (3) (Source Power and Gas, Just Energy, Noble Americas) Market Segments and 3 abstentions from the IREP (Direct Energy) and IOU (2) (CenterPoint, TNMP) Market Segments. As no other motion was made, NPRR649 was deemed rejected by TAC pursuant to Protocol Section 21.4.8, Technical Advisory Committee Vote.

On 2/9/16, the ERCOT Board granted the appeal of Koch Ag and remanded NPRR649 to TAC, with the following instructions to report back on this matter at the ERCOT Board's April 2016 meeting: (1) A recommendation of NPRR649 as proposed by Koch Ag in this appeal; or (2) A recommendation of a version of NPRR649 with alternatives for generator financial losses; or (3) If TAC votes not to recommend any version of NPRR649 for ERCOT Board approval, a review (including reasons for disapproval) of the alternatives considered by TAC that did not result in a version of NPRR649 recommended for approval.

The ERCOT Board further instructed ERCOT to file comments on NPRR649 to assist TAC in the development of alternatives called for by the ERCOT Board's remand of the NPRR.



Background for NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Overrides

On 3/31/16, TAC discussed the 2/22/16 ERCOT comments and associated preliminary cost estimates.

Summary of 2/22/16 ERCOT comments:

- Replaces compensation of opportunity costs with actual losses suffered by QSEs in existing contract positions.
 - Variable costs only
 - May include DAM or bilateral energy contracts
- QSEs claiming losses would have to provide:
 - Attestation of loss
 - Loss calculation
 - Appropriate supporting documentation
- Process for ERCOT review and acceptance of claim
- The HDL override payment would be the lesser of the attested losses or the loss calculated in the existing NPRR.

A preliminary cost estimate of 100-150k based on the 2/22/16 ERCOT comments was provided to TAC, however there was not a formal Impact Analysis available for review. TAC requested that ERCOT review the preliminary cost estimate to see if it could be lowered by manually performing the validation of the loss calculation.



Background for NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Overrides

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