



Item 12: TAC Report

Adrianne Brandt
2017 TAC Chair

Board of Directors Meeting

ERCOT Public
February 14, 2017

Summary of TAC Update

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

- NPRR794, Relocation of Unregistered DG Reporting Requirements
- NPRR805, Clarification for Multi-Month CRR Auction Offers
- NPRR806, Clarification for Designation of Capacity or Refund PCRRs
- PGRR053, Addition of Proposed Generation Resources to the Planning Models

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

- NPRR800, Revisions to Credit Exposure Calculations to Use Electricity Futures Market Prices - URGENT

Summary of TAC Update

January TAC Highlights

- Confirmation of 2017 Subcommittee Leadership
- Other Binding Document - Setting the Shadow Price Caps and Power Balance Penalties in Security Constrained Economic Dispatch

Guide Revisions Approved by TAC

- NOGRR165, Emergency Operations Plans as Required by NERC Reliability Standards

Revision Requests with Opposing Votes (Vote)

NPRR800, Revisions to Credit Exposure Calculations to Use Electricity Futures Market Prices – URGENT

Purpose (ERCOT)	This NPRR revises the RTLE and DALE factors used in the Counter-Party EAL and MCE calculations to use electricity futures mark-to-market prices for estimating forward risk.
TAC Vote	On 1/26/17, TAC voted to recommend approval of NPRR800 as recommended by PRS in the 1/19/17 PRS Report and as amended by the 1/23/17 ERCOT comments. There was one opposing vote from the Independent Generator Market Segment (Luminant).
ERCOT Opinion	ERCOT supports approval of NPRR800.
Effective Date/Priority	Upon system implementation - Priority 2017; Rank 1561
ERCOT Impact	Between \$150k and \$250k; no impacts to ERCOT staffing; impacts to Credit Monitoring and Management (CMM), Enterprise Information Services (EIS), Market Information System (MIS), Enterprise Integration (EI), and Reports; ERCOT business processes will be updated; no impacts to ERCOT grid operations and practices.
Business Case Highlights	Exchange-based electricity futures market prices are assumed to be a better indicator of forward risk than historic ERCOT market prices. Based on the past analysis in light of NPRR638, Revisions to Certain Price Components of EAL, it was observed that separation of volume and prices for forward exposure estimation could result in extreme exposure consequences as that approach may not be able to predict or consider Market Participants' future hedging behavior under various price levels. This NPRR continues to consider the built-in relationship of volume to prices by considering Market Participants' historic portfolio exposure as a whole and transforms anticipated forward exposure based on publicly traded electricity futures mark-to-market prices. Based on ERCOT's analysis presented at the April 20, 2016 Credit WG meeting, there is a market-wide reduction in collateral requirements of approximately \$20 million to \$70 million under certain assumptions and limitations.

January TAC Highlights

Confirmation of 2017 TAC Subcommittee Leadership

Commercial Operations Subcommittee (COPS)

Chair: Michelle Trenary, Tenaska Power Services
Vice Chair: Heddie Lookadoo, Reliant Energy Retail Services

Protocol Revision Subcommittee (PRS)

Chair: Martha Henson, Oncor Electric Delivery
Vice Chair: Diana Coleman, OPUC

Reliability and Operations Subcommittee (ROS)

Chair: Alan Bern, Oncor Electric Delivery
Vice Chair: Boone Staples, Tenaska Power Services

Retail Market Subcommittee (RMS)

Chair: Kathy Scott, CenterPoint Energy
Vice Chair: Rebecca Reed Zerwas, Reliant Energy Retail Services

Wholesale Market Subcommittee (WMS)

Chair: Jeremy Carpenter, Tenaska Power Services
Vice Chair: David Kee, CPS Energy

January TAC Highlights

Setting the Shadow Price Caps and Power Balance Penalties in Security-Constrained Economic Dispatch (Other Binding Document).

On 1/26/17, TAC unanimously voted to recommend approval of the Other Binding Document, Setting the Shadow Price Caps and Power Balance Penalties in Security Constrained Economic Dispatch, as amended by the ERCOT revisions.

Notice of Guide Revisions Approved by TAC

NOGRR165, Emergency Operations Plan as Required by NERC Reliability Standards.

This Nodal Operating Guide Revision Request (NOGRR) aligns the Operating Guides with North American Electric Reliability Corporation (NERC) Reliability Standards to ensure ERCOT, along with each Transmission Operator (TO), develops emergency operations plan(s) to mitigate operating emergencies. The emergency operations plan is intended to address NERC Reliability Standard EOP-011, Emergency Operations Planning, requirements and does not require Black Start or Geomagnetic Disturbance (GMD) plans to be included, as those requirements are addressed elsewhere in the Nodal Operating Guides.