

ERCOT Board of Directors,

RE: Appeal of TAC decision to reject NPRR 649

Koch Ag & Energy Solutions, LLC ("Koch") hereby appeals the decision of TAC to reject NPRR 649 (Lost Opportunity Payments for HDL Manual Overrides) and requests that the ERCOT Board grants Koch's appeal of TAC's decision and approves NPRR 649.

Koch is the owner of the Odessa-Ector generating facility near Odessa, Texas. NPRR 649 was originally submitted on September 12, 2014 by ERCOT as a result of the settlement in PUCT Docket No. 41790 between ERCOT, Merrill Lynch Commodities, Inc. and Odessa-Ector Power Partners, L.P. NPRR 649 is necessary to ensure that the ERCOT Market rules protect all Stakeholders by providing financial protection when ERCOT operators instruct resources to deviate from their economic dispatch for reliability. While nearly all out of merit actions have financial protection in the protocols, these specific actions, which were not foreseen during the original protocol development, result in financial losses for those complying with ERCOT's instructions.

Over the past year, numerous Stakeholder subgroups have worked through the details of this NPRR in an effort to reach a Market consensus on the design while also limiting the workload and cost of implementation for ERCOT. At its October 7, 2015 meeting, the WMS unanimously voted to endorse NPRR 649 with all segments present. At its November 12, 2015 meeting, PRS voted to endorse and recommend a 2016 priority for NPRR 649 with only one opposing vote from the Consumer segment and one abstention from the IREP segment. At the November 19, 2015 TAC meeting, NPRR 649 received 56% of the votes in favor of the NPRR but failed to achieve the 67% necessary for approval.

Stakeholders have spent a substantial amount of time and effort on this NPRR over the past year. Koch does not believe remanding this NPRR back to TAC for additional consideration will be fruitful. Therefore, Koch requests that the ERCOT Board grants Koch's appeal of TAC's decision and approves NPRR 649.

Sincerely,

A handwritten signature in black ink, appearing to read "Kurt Kolbeck". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kurt Kolbeck

Senior Vice President - Energy

Koch Ag & Energy Solutions