Date: October 10, 2008
To: Board of Directors
From: Mark Dreyfus, TAC Chair
Subject: 2009 CSCs, Congestion Zones, CREs and Boundary Generation Resources

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: October 21, 2008
Agenda Item No.: 7e

Issue:

Designation of 2009 Commercially Significant Constraints (CSCs), Transmission Congestion Zones, Closely Related Elements (CREs) and Boundary Generation Resources in the ERCOT transmission system.

Background/History:

At the September 16, 2008 ERCOT Board of Director's (Board) Meeting, the Board remanded consideration of the 2009 CSCs to the Technical Advisory Committee (TAC). The Board instructed the TAC, working with ERCOT Staff, to re-examine Options 3b, 3h and 3i (as described in Attachment A) and to return to the October Board with a single recommendation for CSCs and the resulting CREs so that the Board could comply with Protocol Section 7.2, CSC Zone Determination Process, which states the following:

> By November 1 of each year, the appropriate ERCOT subcommittee will report to the TAC and ERCOT Board with recommended CSC designations, resulting Congestion Zone boundaries with any granted exemptions noted, CRE designations and associated Boundary Generation Resources for ERCOT Board review and approval.

ERCOT Staff provided stakeholders with additional analysis as well as identified potential CREs for each of the three options (3b, 3h, and 3i) using at a minimum the process prescribed in items (1) – (6) of Protocol Section 7.2.3, Determining Closely Related Elements (CREs). The proposed CREs for Options 3b, 3h and 3i are included in Attachment C. The proposed boundary generation Resources for each option are included in Attachment D.

On October 8, 2008, the TAC and the Wholesale Market Subcommittee (WMS) held a joint meeting to re-examine Options 3b, 3h and 3i to make a recommendation to the Board for the designation of the 2009 CSCs, Transmission Congestion Zones, CREs and boundary generation Resources in the ERCOT transmission system. After discussing the various options, the following motions were voted upon:

- A WMS motion to eliminate consideration of Option 3b passed with 75.6% in favor, 24.4% opposed and two abstentions from the Generator Market Segment. Opposing votes were recorded in the Cooperative, Generator (2), and Independent Power Marketer

(IPM) (2) Market Segments.

- A WMS motion to recommend approval of Option 3i for the 2009 CSCs, Transmission Congestion Zones, CREs and boundary generation Resources in the ERCOT transmission system passed with 82.5% in favor, 17.5% opposed and six abstentions. Opposing votes were recorded in the Investor Owned Utility (IOU) and Generator Market Segments. The six abstentions were recorded in the Municipal, Generator (3), Consumer and IPM Market Segments.
- A TAC motion to recommend approval of Option 3h for the 2009 CSCs, Transmission Congestion Zones, CREs and boundary generation Resources in the ERCOT transmission system failed with two in favor, 23 opposed and five abstentions. Opposing votes were recorded in the Cooperative (4), Municipal (4), IOU (3), Generator (2), Consumer (5), Independent Retail Electric Provider (IREP) (3) and IPM (2) Market Segments. The five abstentions were recorded in the Generator (2), Consumer, IREP and IPM Market Segments.
- A TAC motion to recommend approval of Option 3i for the 2009 CSCs, Transmission Congestion Zones, CREs and boundary generation Resources in the ERCOT transmission system passed with 22 in favor, six opposed and two abstentions. Opposing votes were recorded in the IOU, Generator (2), Consumer (2), and IPM Market Segments. The two abstentions were recorded in the Generator and Consumer Market Segments.

Key Factors Influencing Issue:

The WMS and TAC met, discussed and recommend Board approval of the Option 3i proposal for the 2009 CSCs, Transmission Congestion Zones, CREs and boundary generation Resources in the ERCOT transmission system.

2009 CSCs:

- CSC#1 – West to North – Sweetwater to Long Creek; Abilene Mulberry Creek to Long Creek 345-kV double circuit
- CSC#2 – North to South – Lake Creek to Temple; Tradinghouse to Temple Pecan Creek 345-kV double circuit
- CSC#3 South to North – Temple to Lake Creek; Temple Pecan Creek to Tradinghouse 345-kV double circuit
- CSC#4– North to Houston* – Singleton to Obrien; Singleton to TH Wharton 345-kV double circuit
- CSC#5 – North to West – Long Creek to Sweetwater; Long Creek to Abilene Mulberry Creek 345-kV double circuit

**For CSC#4 - North to Houston – Singleton is not scheduled to be in-service until May 2009.*

2009 Congestion Zones:

1 – West 2009
2 – North 2009
3 – Houston 2009
4 – South 2009

Please refer to the complete bus to zone assignments for Option 3i included in Attachment B.

Zone assignments under Option 3i are the result of clustering using post-contingency (Oklaunion to Fisher Road; Fisher Road to Bowman 345-kV) shift factors.

2009 CREs:

Please refer to CREs for Option 3i listed in Attachment B.

2009 Boundary Generation Resources:

West to North and North to West CSCs

- Mesquite Wind Farms
- Cook Field Wind
- Wichita Falls
- Oklaunion

North to South and South to North CSCs

- Lake Creek
- Sandow

Attachment E includes a diagram of the 2009 CSCs as recommended by TAC.

Alternatives:

(1) Approve the TAC recommendation regarding 2009 CSCs, Transmission Congestion Zones, CREs and boundary generation Resources in the ERCOT transmission system;
(2) reject the TAC recommendation; or
(3) remand to TAC with instructions.

Conclusion/Recommendation:

TAC recommends that the Board approve the Option 3i proposal for the 2009 CSCs, Transmission Congestion Zones, CREs and boundary generation Resources in the ERCOT transmission system.

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

WHEREAS, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in ERCOT's best interest to approve the Option 3i proposal as described in Attachment A for the 2009 CSCs, Transmission Congestion Zones, CREs and Boundary Generation Resources in the ERCOT transmission system.

NOW, THEREFORE, BE IT RESOLVED, that the ERCOT Board hereby approves Option 3i described in Attachment A for the 2009 CSCs, Transmission Congestion Zones, CREs and Boundary Generation Resources in the ERCOT transmission system.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its October 21, 2008 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by a vote of _____.

IN WITNESS WHEREOF, I have hereunto set my hand this _____day of _____, 2008.

_____
Michael G. Grable
Corporate Secretary