



MEMO

Date: October 10, 2006
To: ERCOT Board of Directors
From: Read Comstock, TAC Chair
Subject: Protocol Revision Requests

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: October 17, 2006

Agenda Item No.: 9a

Issue:

Consideration of Protocol Revision Requests (PRRs).

Key Factors Influencing Issue:

The Protocol Revision Subcommittee (PRS) met, discussed the issues and submitted recommendation reports to the Technical Advisory Committee (TAC) regarding the PRRs described herein. TAC considered the issues and voted to take action on the PRRs as described below.

- ***PRR653 - OOME Ramp Rate Adherence. Proposed effective date: November 1, 2006.*** No budgetary impact; existing ERCOT staff will validate and adjust OOME settlement disputes under PRR653; no impact to ERCOT systems; no impact to ERCOT business functions; no impact to grid operations. This PRR allows a QSE to request Verbal Dispatch Instructions when being undeployed from Out of Merit Energy (OOME) instructions that would exceed the QSE's ramp rate. ERCOT posted this PRR on 3/9/06. On 5/18/06, PRS voted to recommend approval of PRR653 as revised by PRS. The motion passed with one abstention from the Municipal Owned Utility (MOU) Market Segment. All Market Segments were present for the vote. On 6/22/06, PRS affirmed the Impact Analysis and voted unanimously to forward PRR653 to TAC for consideration. All Market Segments were present for the vote. On 7/6/06, TAC unanimously voted to remand PRR653 to PRS for further consideration. All Market Segments were present for the vote. On 7/20/06, PRS tabled PRR653 until its August meeting. On 8/17/06, PRS voted to reject the suggested additions provided in comments by Constellation and again recommend approval of PRR653 as originally submitted by PRS to TAC. The motion passed with five abstentions from the Investor Owned Utility (IOU)(2), Independent REP (IREP)(1), and Consumer (2) Market Segments. All Market Segments were present for the vote. On 9/7/06, TAC unanimously voted to



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recommend approval of PRR653 as recommended by PRS. All Market Segments present for the vote. ERCOT credit staff and the Credit Working Group (WG) have reviewed PRR653 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- ***PRR671, Remove Sunset Date on Floor for Responsive Reserve Service Bids. Proposed effective date: November 1, 2006.*** No budgetary impact; no impact to ERCOT Staff; no impact to ERCOT systems; impact to ERCOT business functions or grid operations. This PRR revises Section 4.4.11, Ancillary Services Bid Submittal, to remove the sunset date of January 1, 2007, on the \$0/MW floor for QSE bids to provide Responsive Reserve Service. ERCOT posted this PRR on 6/15/06. On 7/20/06, with all Market Segments present, PRS unanimously voted to recommend approval of PRR671. On 8/17/06, PRS reviewed the Impact Analysis and Recommendation Report and voted to forward these documents on to TAC. The motion passed with one abstention from the IOU Market Segment. All Market Segments were present for the vote. On 9/7/06, TAC voted to recommend approval of PRR671 as submitted by PRS. The motion passed with one opposing vote from the Consumer Market Segment and four abstentions from the IOU, Independent REP and Independent Power Marketer (2) Market Segments. All Market Segments were present for the vote. ERCOT credit staff and the Credit WG have reviewed PRR671 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR685, TCRs and PCRs Payment Due Date – URGENT. Proposed effective date: November 1, 2006.*** No budgetary impact; no impact to ERCOT staffing or computer systems; ERCOT will revise its current business processes to accommodate forfeiture of Transmission Congestion Rights (TCRs) for non-payment (Pre-assigned Congestion Rights (PCRs) are already forfeited if left unpaid); no impact to grid operations. This PRR documents the requirements for both TCR and PCR due dates to five Bank Business Days after being invoiced. PRR685 was posted on 8/21/06. On 8/23/06, PRS granted urgent status via email vote. On 9/21/06, PRS voted unanimously to recommend approval of PRR685 as revised by PRS. All Market segments were present for the vote. On 10/6/06, with all Market Segments present, TAC voted to recommend approval of PRR685 as recommended by PRS. Credit WG evaluation pending.

The TAC Recommendation Reports and Impact Analyses associated with these PRRs are included in the Board meeting materials. In addition, these PRRs and their supporting materials are posted on the ERCOT website at the following link: <http://www.ercot.com/mktrules/protocols/prr.html>.



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<p><u>Alternatives:</u></p> <p>(1) Approve the TAC recommendation on PRRs 653, 671, and 685 as described above or as modified by the Board;</p> <p>(2) reject the TAC recommendations; or</p> <p>(3) remand any PRRs to the TAC with instructions.</p> <p><u>Conclusion/Recommendation:</u></p> <p>As more specifically described above, TAC recommends that the Board approve the PRRs as described herein.</p>
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