



Date: April 12, 2011
To: Board of Directors
From: Brad Jones, Technical Advisory Committee (TAC) Chair
Subject: Non-Unanimous Nodal Protocol Revision Requests (NPRRs)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: April 19, 2011

Agenda Item No.: 14b

Issue:

Consideration of the following NPRRs:

- NPRR316 – Negative Self-Arranged Ancillary Services Quantity (formerly “Negative Self-Arranged Ancillary Services”) – URGENT
- NPRR320 – Minimum Point-to-Point (PTP) Option Bid and Settlement (formerly “Minimum PTP Option Bids and Congestion Revenue Right (CRR) Auction Fees”) – URGENT
- NPRR329 – Security Classification Changes for Extracts/Reports – URGENT
- NPRR342 – Notification and Actions to Address Outcomes Inconsistent with Efficient Operation of the ERCOT Market – URGENT

Background/History:

Unless otherwise noted: (i) all Market Segments were present for each vote and (ii) ERCOT Credit Staff and the Credit Work Group (CWG) have reviewed the revision request and do not believe it requires changes to credit monitoring activity or the calculation of liability.

- **NPRR316 – Negative Self-Arranged Ancillary Services Quantity (formerly “Negative Self-Arranged Ancillary Services”) [Morgan Stanley] – URGENT.**
Proposed Effective Date: Upon System Implementation – Priority High; Rank 15.3.
ERCOT Impact Analysis: \$15 to 20k; no impacts to ERCOT staffing; impacts to Market Management System (MMS); no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.
Revision Description: This NPRR allows Qualified Scheduling Entities (QSEs) to enter a negative value for a Self-Arranged Ancillary Service Quantity.
Procedural History: NPRR316 was posted on February 2, 2011. On February 4, 2011, the motion to grant NPRR316 Urgent status failed via PRS email vote. On February 17, 2011, the Protocol Revision Subcommittee (PRS) voted to grant NPRR316 Urgent status. There was one (1) opposing vote from the Consumer Market Segment. PRS then unanimously voted to table NPRR316 for one (1) month. On March 24, 2011, PRS voted to recommend approval of NPRR316 as amended by the February 17, 2011 ERCOT comments and as revised by PRS and to forward NPRR316 to TAC. There were seven (7) abstentions from the Independent Generator (2), Investor Owned Utility (IOU) (2), Independent Power Marketer (IPM), Municipal, and Independent Retail Electric Provider (IREP) Market Segments. On April 7, 2011, TAC voted to recommend approval of NPRR316 as recommended in the March 24, 2011 PRS Report with a recommended priority of High and

rank of 15.3. There were two (2) abstentions from the Consumer Market Segment. See April 4, 2011 Credit WG comments.

- **NPRR320 – Minimum PTP Option Bid and Settlement (formerly “Minimum PTP Option Bids and CRR Auction Fees”) [Residential Consumer] – URGENT.**

Proposed Effective Date: Upon System Implementation - Priority High; Rank 12.8.

ERCOT Impact Analysis: \$95 to 110k (interim solution \$10 to 11k); no impacts to ERCOT staffing; impacts to CRR, Commercial Systems Integration (CSI), Settlements and Billing (S&B), and Enterprise Information Services (EIS); impacts to CRR business process and CRR Settlement invoicing process; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR sets a minimum price on PTP Option bids (Minimum PTP Option Bid Price) of \$0.010 and places a fee on each PTP Option bid awarded where the clearing price for the PTP Option bid awarded is less than the Minimum PTP Option Bid Price. Upon implementation of system changes, the revenue from the fees will be put in the CRR Balancing Account. Until system changes are implemented, the PTP Option Bidding Fee will be invoiced separately from CRR Invoices using a Miscellaneous Invoice, and the revenue from the fees will be distributed by the Monthly Load Ratio Share (LRS) and through the use of a Miscellaneous Invoice.

Procedural History: NPRR320 was posted on February 8, 2011. On February 10, 2011, NPRR320 was granted Urgent status via PRS email vote. On February 17, 2011, PRS voted to recommend approval of NPRR320 as amended by the February 15, 2011 Luminant comments and as revised by PRS; to recommend that the bid fee be set at zero; and to forward NPRR320 to TAC via roll call vote. On March 24, 2011, PRS voted to recommend approval of NPRR320 as amended by the March 23, 2011 ERCOT comments. There was one (1) opposing vote from the IPM Market Segment and two (2) abstentions from the IPM and Independent Generator Market Segments. PRS then voted to recommend a priority of High and rank of 12.8 to NPRR320. There were three (3) opposing votes from the IPM (2) and Independent Generator Market Segments and three (3) abstentions from the IPM, Independent Generator and IREP Market Segments. On April 7, 2011, TAC voted via roll call vote to recommend approval of NPRR320 as amended by the March 29, 2011 ERCOT comments and as revised by TAC. See March 1, 2011 Credit WG comments.

- **NPRR329 – Security Classification Changes for Extracts/Reports [MIS User Group] – URGENT.**

Proposed Effective Date: Upon System Implementation – Priority High; Rank 9.2.

ERCOT Impact Analysis: \$5 to 10k; no impacts to ERCOT staffing; impacts to MIS portal and ERCOT.com website; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR changes the security classification to “Public” for extracts/reports that are currently classified in the Nodal Protocols as “Secure”; and suspends the posting of State Estimator Load Reports that reveal individual Load data.

Procedural History: NPRR329 was posted on February 23, 2011. On February 25, 2011, NPRR329 was granted Urgent status via PRS email vote. On March 24, 2011, PRS voted to recommend approval of NPRR329 as amended by the March 23, 2011 ERCOT comments and as revised by PRS with a recommended priority of Critical and rank of 9.2 and an effective date of “upon system implementation” for NPRR329 with the exception of

paragraphs (4)(b) and (4)(d) of Section 6.5.7.1.13 to be effective upon development of a redaction methodology for ERCOT to identify and redact information provided in these sections and to forward NPRR329 to TAC. There were three (3) abstentions from the Independent Generator Market Segment (2) and IOU Market Segment. On April 7, 2011, TAC voted to recommend approval of NPRR329 as amended by the March 31, 2011 ERCOT comments. There was one (1) abstention from the Independent Generator Market Segment.

- **NPRR342 – Notification and Actions to Address Outcomes Inconsistent With Efficient Operation of the ERCOT Market – URGENT [ERCOT].**

Proposed Effective Date: Upon ERCOT Board Approval.

ERCOT Impact Analysis: No budgetary impact; no impacts to ERCOT staffing; no impact to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR details the process for notifying Market Participants of market outcomes in the DAM and Real-Time Market (RTM) that are inconsistent with the “efficient operation of the market” in the ERCOT Region, as that term is defined in paragraph (c)(2) of P.U.C. SUBST. R. 25.503, Oversight of Wholesale Market Participants. The NPRR gives ERCOT discretion to implement corrective measures and advise Market Participants to discontinue practices that are inconsistent with efficient operation of the ERCOT-administered markets. The NPRR allows the ERCOT Chief Executive Officer (CEO) to deem any NPRR designed to correct such activity as Urgent. Prior to taking actions allowed by NPRR342, it is assumed that ERCOT shall consult with the Independent Market Monitor (IMM) and Public Utility Commission of Texas (PUCT) Staff regarding actions that are inconsistent with the efficient operation of ERCOT markets.

Procedural History: NPRR342 was posted on March 30, 2011. On April 1, 2011, PRS unanimously voted to grant NPRR342 Urgent status. PRS then voted via roll call vote to recommend approval of NPRR342 as amended by the April 1, 2011 Luminant Energy comments and as revised by PRS with a proposed effective date of “Upon ERCOT Board approval,” and to forward NPRR342 to TAC. On April 7, 2011, TAC voted via roll call vote to recommend approval of NPRR342 as amended by the April 6, 2011 Macquarie Energy comments and as revised by TAC. Credit review is pending.

The TAC Reports, Impact Analyses, and Cost Benefit Analyses (if applicable) for these NPRRs are included in the ERCOT Board meeting materials. In addition, these NPRRs and supporting materials are posted on the ERCOT website at the following link: <http://nodal.ercot.com/protocols/npr/index.html>.

Key Factors Influencing Issue:

PRS met, discussed the issues, and submitted reports to TAC regarding NPRRs 316, 320, 329, and 342 described herein. TAC considered the issues and voted to take action on NPRRs 316, 320, 329, and 342 as described above.

Alternatives:

1. Approve the TAC recommendation on NPRRs 316, 320, 329, and/or 342 as described above or as modified by the ERCOT Board;



2. Reject the TAC recommendation on NPRRs 316, 320, 329, and/or 342;
3. Defer decision on the TAC recommendation on NPRRs 316, 320, 329, and/or 342; or
4. Remand NPRRs 316, 320, 329, and/or 342 to TAC with instructions.

Conclusion/Recommendation:

As more specifically described above, TAC recommends that the ERCOT Board approve NPRRs 316, 320, 329 and 342 as described herein.



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

WHEREAS, the Electric Reliability Council of Texas, Inc. (ERCOT) Board of Directors (Board) deems it desirable and in ERCOT's best interest to approve the following Nodal Protocol Revision Requests (NPRRs):

- NPRR316 – Negative Self-Arranged Ancillary Services Quantity (formerly “Negative Self-Arranged Ancillary Services”) – URGENT
- NPRR320 – Minimum Point-to-Point (PTP) Option Bid and Settlement (formerly “Minimum PTP Option Bids and Congestion Revenue Right (CRR) Auction Fees”) – URGENT
- NPRR329 – Security Classification Changes for Extracts/Reports – URGENT
- NPRR342 – Notification and Actions to Address Outcomes Inconsistent with Efficient Operation of the ERCOT Market – URGENT

THEREFORE be it RESOLVED, that the ERCOT Board hereby approve NPRRs 316, 320, 329, and 342.

CORPORATE SECRETARY'S CERTIFICATE

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its April 19, 2011 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2011.

Bill Magness
Corporate Secretary