



Control Number: 27706



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PROJECT NO. 27706

REPORTS OF THE ELECTRIC
RELIABILITY COUNCIL OF TEXAS

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PUBLIC UTILITY COMMISSION
OF TEXAS

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S
NOTICE OF PROTOCOL VIOLATION

COMES NOW, Electric Reliability Council of Texas, Inc. (ERCOT) and files this Notice of Protocol Violation of ERCOT Protocol Section 6.5.2.1, Balancing Energy Service Bids from Bilateral Contracts.

2009 APR 7 AM 9:00
PUBLIC UTILITY COMMISSION
FILED
CLERK

For purposes of this Notice, Protocol Section 6.5.2.1 states, in relevant part:

Market Participants may enter into bilateral contracts, including entitlements to Capacity Auction Products, which allow one QSE rights to submit Balancing Energy bids (bidding QSE) to ERCOT and identify another QSE as the Balancing Energy Service provider for purposes of bid deployment (deploying QSE). Subject to the provisions in 6.5.2, Balancing Energy Service bids may be submitted to ERCOT by a bidding QSE who will identify the deploying QSE associated with the bid curve. ERCOT will send the Balancing Energy Service Dispatch Instructions associated with the bids to the deploying QSE.

(4) ERCOT will provide Notice via the Messaging System to the bidding QSE and the deploying QSE of the awards for Balancing Energy Service identifying the bidding QSE and the deploying QSE.

(5) ERCOT will notify the bidding QSE and the deploying QSE of the deploying QSE's instructed amount of Balancing Energy Service in accordance with Section 6.7.1.1.

ERCOT recently discovered that it is unable to send a Notice via the Messaging System to the "bidding QSE" when the QSE does not represent Resources.¹ Thus, ERCOT failed to comply with Protocol Section 6.5.2.1 (4) and (5) which requires a Real Time Notice to the "bidding QSE." The cost to re-code the Messaging System would be significant relative to the Market Participants impacted by this issue.²

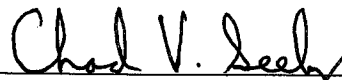
¹ The Messaging System is only populated with QSEs who are on record as Resource Owners; therefore, it can only send Notices to QSEs with Resources.

² Currently, only one Market Participant is impacted by this Notice.

On February 20, 2009, ERCOT sent a Market Notice outlining the interim and short-term solution providing that ERCOT will manually extract the deployment information on a periodic basis and deliver it to those QSEs without Resources who are the "bidding QSEs." The Market Notice is appended as **Attachment A**. For a quick long-term solution, ERCOT has submitted urgent Protocol Revision Request (PRR) 807, Clarify Definition of Messaging System. PRR807 clarifies the definition of Messaging System to read as follows: "[t]he ERCOT-to-QSE communications system used to send, or make available, Real Time notices and Dispatch Instructions to the QSEs." PRR807 is appended as **Attachment B**. With the passage of PRR807, ERCOT will be in compliance with Protocol Section 6.5.2.1.³

As always, ERCOT would be pleased to discuss this matter more fully at the Commission's request.

Respectfully submitted,



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ATTORNEYS FOR ELECTRIC
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³ In the event that PRR807 does not pass, ERCOT will have to re-evaluate options in order to be in full compliance with Protocol Section 6.5.2.1. ERCOT will update the Commission with those options if this occurs.

NOTICE DATE: February 20, 2009

NOTICE TYPE: W-A022009-01 Operations

SHORT DESCRIPTION: Treatment of QSEs without Resources under Protocol Section 6.5.2.1(4).

INTENDED AUDIENCE: All Qualified Scheduling Entities (QSEs)

DAY AFFECTED: February 20, 2009

LONG DESCRIPTION:

Pursuant to Protocol Section 6.5.2.1, Balancing Energy Service Bids from Bilateral Contracts, Market Participants may enter into bilateral contracts which allow one QSE rights to submit Balancing Energy bids (bidding QSE) to ERCOT and identify another QSE as the Balancing Energy Service provider for purposes of bid deployment (deploying QSE). In addition, paragraph 4 of this Protocol Section provides:

“ERCOT will provide Notice via the Messaging System to the bidding QSE and the deploying QSE of the awards for Balancing Energy Service identifying the bidding QSE and the deploying QSE.”

ERCOT has provided QSEs the means to set up this type of arrangement in accordance with Protocol Section 6.5.2.1. However, ERCOT recently discovered that the “bidding QSE” who is a QSE WITHOUT Resources will not receive a Notice via the Messaging System when its Balancing Energy Service bid has been struck; only the “deploying QSE” will receive the Notice via the Messaging System.

To assist QSEs WITHOUT Resources in this circumstance, ERCOT will manually extract the deployment information on a periodic basis and deliver it to those QSEs without Resources who are the “bidding QSEs.”

ERCOT is currently researching solutions to correct the situation and will update all QSEs as soon as a solution is confirmed.

CONTACT: If you have any questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via e-mail at ClientRelations@ercot.com.

If you are receiving e-mail from an ERCOT distribution list that you no longer wish to receive, please follow this link in order to unsubscribe from this list: <http://lists.ercot.com>.

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Protocol Revision Request

| | | | |
|--------------------|----------------|------------------|--|
| PRR Number | 807 | PRR Title | Clarify Definition of Messaging System |
| Date Posted | March 26, 2009 | | |

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|--|---|
| Protocol Section Requiring Revision | 2.1, Definitions |
| Requested Resolution | Urgent. ERCOT requests Urgent status in order to implement a quick long-term solution that will allow a Qualified Scheduling Entity (QSE) qualified to be a bidding QSE without Resources to receive Real Time Notices of the awards for Balancing Energy Service in accordance with Section 6.5.2.1, Balancing Energy Service Bids from Bilateral Contracts. |
| Revision Description | This Protocol Revision Request (PRR) revises the definition of "Messaging System" to include a process that makes Real Time messages available to "bidding QSEs" without Resources. |
| Reason for Revision | <p>ERCOT discovered that the current Market Operating System (MOS) and support web interface does not provide Real Time messaging to a QSE qualified as a "bidding QSE" that does not represent Resources. Under Section 6.5.2.1, the bidding QSE and deploying QSE are to receive the Balancing Energy Service awards. ERCOT system transmits awards to bidding QSEs if the QSE represents Resources. However, to make it possible for a bidding QSE that does not represent Resources to receive the Notices in Real Time, an Extensible Markup Language (XML) query would need to be made available to the bidding QSE.</p> <p>On February 20, 2009, ERCOT sent out a Market Notice to all QSEs informing them of a short-term solution to correct the situation by manually extracting the deployment information on a periodic basis and delivering it to those QSEs without Resources who are the "bidding QSEs." This PRR represents the quick long-term solution until Nodal Go-Live.</p> |
| Overall Market Benefit | QSEs that do not represent Resources and are qualified to submit Balancing Energy Service market bids as bidding QSEs in accordance with Section 6.5.2.1 will have access to the Real Time awards generated by MOS. |
| Overall Market Impact | No impact to the market in general. |
| Consumer Impact | No impact. |
| Credit Implications | No. |

Protocol Revision Request

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| Relevance to Nodal Market | No. |
| Nodal Protocol Section(s) Requiring Revision | Not applicable. |

Quantitative Impacts and Benefits

| | | | |
|---|---|--|------------------------|
| Assumptions | 1 | <i>Resources to implement system change are available.</i> | |
| | 2 | <i>Cost of implementation is within Pattern Recognition Technologies (PRT) budget.</i> | |
| | 3 | | |
| | 4 | | |
| Market Cost | | Impact Area | Monetary Impact |
| | 1 | <i>None.</i> | <i>None.</i> |
| | 2 | | |
| | 3 | | |
| Market Benefit | | Impact Area | Monetary Impact |
| | 1 | <i>QSE not representing Resources will have access to Real Time Balancing Energy Service awards as qualified bidding QSE.</i> | <i>None.</i> |
| | 2 | | |
| | 3 | | |
| Additional Qualitative Information | 1 | | |
| | 2 | | |
| | 3 | | |
| | 4 | | |
| Other Comments | 1 | <i>Impact to ERCOT systems is minimal in setting up XML query for Market Participants (MPs) to run programmatic queries for bidding QSE awards.</i> | |
| | 2 | <i>XML query approach allows deployment of change in short-time frame than alternative of making complicated and high risk MOS code change at a much higher cost and longer implementation time.</i> | |
| | 3 | <i>XML query approach has minimal impact that draws from staff working on Nodal Program.</i> | |
| | 4 | | |

Sponsor

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|-----------------------|--|
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| E-mail Address | mpatterson@ercot.com |
| Company | ERCOT |

Protocol Revision Request

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|----------------|-----------------|
| Phone Number | 512 248-3912 |
| Cell Number | |
| Market Segment | Not applicable. |

| Market Rules Staff Contact | |
|----------------------------|--|
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| E-Mail Address | jlevine@ercot.com |
| Phone Number | 512 248-6464 |

Proposed Protocol Language Revision

2.1 Definitions

Messaging System

The ERCOT-to-QSE communications system used to send, or make available, Real-Time notices and Dispatch Instructions to the QSEs.