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Commissioner

Kenneth W. Anderson, Jr.
Commissioner



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Brian Lloyd
Executive Director

Public Utility Commission of Texas

Date: April 3, 2013

To: Chairman Donna L. Nelson
Commissioner Kenneth W. Anderson, Jr.

From: Diana Leese, Competitive Markets Division *DL*
Mark Bryant, Competitive Markets Division
Rebecca Reed, Competitive Markets Division
Jason Haas, Legal Division

Subject: **Project No. 40000** – *Proceeding Relating to Resource Adequacy in the ERCOT Power Region*, request for comments

At the March 28, 2013 Open Meeting the Commission requested that interested parties provide comments in response to the following questions regarding a white paper by Prof. William Hogan and ERCOT staff, entitled "Back Cast of Interim Solution B+ to Improve Real-Time Scarcity Pricing," filed by ERCOT staff in the above-captioned project on March 22, 2013:

- 1) How long will it take and what is the cost to implement Solution B+?;
- 2) If Solution B+ is implemented, will the benefits of implementing full real-time co-optimization exceed the incremental costs of such implementation?;
- 3) If Solution B+ is implemented, are bidding floors for ancillary services still needed to avoid price reversal? If so, should minimum bids for ancillary services be set according to a curve where minimum bids increase as reserve capacity is depleted, or should the minimum bid be set at a discrete level?; and
- 4) With regard to minimum bids for ancillary services, should different ancillary services (such as on-line non-spin and off-line non-spin) be treated differently?

Comments may be filed by submitting 16 copies to the commission's Filing Clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 by Friday, May 31, 2013. All responses should reference Project No. 40000. The commission requests that comments be limited to a total of 20 pages.

If you have any questions, please contact Diana Leese at 936.7204 or Jason Haas at 936.7295.