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REPORT OF THE ELECTRIC  
RELIABILITY COUNCIL OF TEXAS  
(ERCOT) TO THE PUCT REGARDING  
IMPLEMENTATION OF THE ERCOT  
PROTOCOLS

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PUBLIC UTILITY COMMISSION

FILED CLERK

OF TEXAS

**ORDER NO. 14  
MODIFYING ORDER 13 ESTABLISHING PRICE CAPS**

During the Open Meeting of the Public Utility Commission of Texas on July 25, 2002, the Commissioners considered imposing caps on the prices of ancillary services provided to the ERCOT system. Order No. 13 sought, *inter alia*, to memorialize the Commission's determination. In pertinent part, Order No. 13 stated:

Effective immediately the price for ancillary services provided to the ERCOT system shall not exceed \$1,000/MWh for energy and \$1000/MW per hour for capacity. This limitation shall apply to all resources providing ancillary services to the ERCOT system.

Commission Staff noted an error or ambiguity in Order No. 13 in that the quoted language appears to apply to the prices ultimately paid, rather than the maximum price at which an entity may offer to sell energy or capacity. Therefore, the word "offer" is inserted into the quoted language as follows:

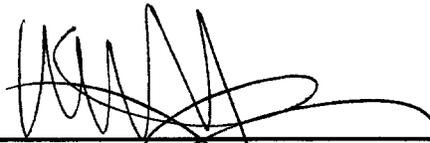
Effective immediately the offer price for ancillary services provided to the ERCOT system shall not exceed \$1,000/MWh for energy and \$1000/MW per hour for capacity. This limitation shall apply to all resources providing ancillary services to the ERCOT system.

The undersigned administrative law judge (ALJ) notes that, although Staff concedes that the appropriate term is "offer cap," Staff urges that the Commission use the term "bid cap" so as to be consistent with the use of that term by ERCOT and by the Commission in its Order on Rehearing in Docket No. 23220. Although the ALJ agrees that consistency is desirable, the ALJ observes that current practice, even within the Commission, is inconsistent. Therefore, the ALJ

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elects to employ the more accurate term “offer cap” or “offer price cap” to describe the maximum price at which an entity may offer to sell energy or capacity.

SIGNED AT AUSTIN, TEXAS the 23<sup>d</sup> day of August 2002.



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**MARC H. BURNS**  
**ADMINISTRATIVE LAW JUDGE**  
**POLICY DEVELOPMENT DIVISION**

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