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DOCKET NO. 35428

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PUBLIC UTILITY COMMISSION
FILING OFFICE

APPLICATION OF THE ELECTRIC § PUBLIC UTILITY COMMISSION
RELIABILITY COUNCIL OF TEXAS §
FOR APPROVAL OF A REVISED § OF TEXAS
NODAL MARKET §
IMPLEMENTATION SURCHARGE §

**ORDER NO. 2
MEMORALIZING PREHEARING CONFERENCE AND
ADOPTING PROCEDURAL SCHEDULE**

On March 6, 2008, the Electric Reliability Council of Texas, Inc. (ERCOT) filed with the Public Utility Commission of Texas (Commission) an application for approval of a revised surcharge to fund its efforts to implement a Nodal Market design pursuant to P.U.C. SUBST. R. 25.363, P.U.C. PROC. R. 22.252 and the Commission's Orders in Docket No. 32686.¹

Appearances. On March 19, 2008, a prehearing conference was held in this proceeding. The following parties entered appearances: ERCOT, Commission Staff, Chaparral Steel Midlothian, L.P. (Chaparral), Brownsville Public Utilities Board (Brownsville PUB), Texas Industrial Energy Consumers (TIEC), The Steering Committee of Cities Served by Oncor (Cities), Competitive Market Participants (CMP), and CPS Energy.

The Office of Public Utility Counsel (OPUC) and the City of Garland/Denton entered appearances and indicated their intention to file motions to intervene subsequent to the prehearing conference.

Motions to Intervene. Having filed motions to intervene prior to the prehearing conference, the following entities were granted party status: Cities, Brownsville PUB, Chaparral, CPS Energy, and TIEC. In addition, the motion to intervene of CMP is granted.

¹ *Application of the Electric Reliability Council of Texas for Approval of a Nodal Market Implementation Surcharge and Request for Interim Relief, Docket No. 32686 (May 23, 2007; Order Nunc Pro Tunc, June 13, 2007).*

Intervention Deadline. The intervention deadline of **March 31, 2008**, proposed by the parties is approved. Pursuant to P.U.C. PROC. R. 22.252(d)(8), the parties shall include a statement of position containing a concise statement of the requestor's position on the application, a concise statement of each question of fact, law, or policy that the requestor considers at issue and a concise statement of the requestor's position on each issue identified.

Allocation Formula. Included in the application is ERCOT's request that the Commission maintain the allocation formula for the Nodal Surcharge approved in Docket No. 32686. Allocation of the surcharge was a key issue in the prior docket and the Commission determined that the nodal surcharge should be allocated to qualified scheduling entities (QSEs) representing generation resources. If a party objects to ERCOT's proposal on the allocation formula, objections shall be filed no later than **March 31, 2008**. Objections to the allocation issue, if not raised by March 31, 2008, are waived.

Notice. On March 14, 2008, Commission Staff filed a recommendation on notice. ERCOT proposes to provide notice of its application by electronic mail to all entities subject to the ERCOT System Administration Fee and to all parties in Docket No. 32686 and in its most recent fee case, Docket No. 31824.² In addition, ERCOT proposes to post the notice and a copy of its application on its website. Commission Staff stated that the notice proposed by ERCOT is consistent with the requirements of P.U.C. PROC. R. 2.252(d). Commission Staff recommended that ERCOT's notice be deemed sufficient. Based on Commission Staff's recommendation, the notice proposed by ERCOT is deemed sufficient. ERCOT's notice shall reflect the deadline established for intervention in this proceeding.

² *Application of the Electric Reliability Council of Texas for Approval of the ERCOT System Administration Fee, Docket No. 31824 (May 15, 2006).*

Procedural Schedule. The parties were able to reach agreement on a proposed procedural schedule to be followed in this docket. The following procedural schedule is adopted:

Intervention deadline and deadline for parties to raise allocation issue	March 31, 2008
Technical Conference	April 2, 2008
Settlement Conference	April 7, 2008
Intervenor direct testimony	April 14, 2008
Commission Staff direct testimony	April 21, 2008
ERCOT rebuttal testimony	April 28, 2008
Hearing on the Merits (A one day hearing is anticipated beginning on May 1, 2008, however, May 2 nd is reserved as a back-up date.)	May 1 & 2, 2008

SIGNED AT AUSTIN, TEXAS THIS 20th day of March 2008.

PUBLIC UTILITY COMMISSION OF TEXAS


IRENE MONTELONGO
DIRECTOR, DOCKET MANAGEMENT