CenterPoint Energy's Comments on Economic Criteria in Outage Evaluation

1) The proposed structure fails to capture the non-market costs specific to TDSP's associated with these protracted timelines. CNP expects the required changes to our business processes will increase our costs of doing business. Other markets that have implemented similar programs have ensured that these costs are recovered by the TSP in a timely manner. Similar recovery mechanisms will be needed in ERCOT.

2) The costs of not taking an outage must be captured and used in the evaluation process. For example; outages for construction to relieve current congestion. Also, any additional outages needed during construction to existing related circuits may not always be identified as far out in the future for these type of "congestion" related projects.

3) Many times issues arise that are out of the TDSP's control. Items such as weather, unplanned outages, material delivery, TXDOT, third party outage requests, etc. These issues can force a delay or cancelation of an approved outage in the CRR or 9 month timeline (non-economic timeline). To reschedule that outage in the near term risks economic rejection. To reschedule in the long term places undue burdens (i.e. financial, resources, etc.) on the TDSP. CNP would like to see an exemption from economic criteria for rescheduling outages in the near term due to uncontrollable events.

4) While CNP agrees with the effort to more closely align the outage scheduling timelines with the CRR auctions, CNP is concerned that simply scheduling outages into the long term may not necessarily result in savings to the market. If there are no savings to the market as a result of this effort, how long before economics are applied to all outage requests timelines?

5) CNP has concerns about the methodology used for economic impact and would like clarification on issues such as:

- Will ERCOT be able to support the proposed methodology to analyze each outage request for economic impact in each of the timelines?
- Accuracy of the models used to calculate economic impact
    - Unit dispatch
    - System load forecast
    - Topology
- Should sensitivity analysis be incorporated into the last in/first out (LIFO) methodology?
- How are verifiable incremental production costs forecasted?

6) CNP believes if a planned outage is denied due to economic criteria, ERCOT should determine the next outage window and if the TSP agrees to the new outage window it must not be rejected again except for reliability criteria.