

PRR Comments

PRR Number	791	PRR Title	Shortage Pricing Mechanism
-------------------	------------	------------------	-----------------------------------

Date	March 2, 2009
-------------	---------------

Submitter's Information	
Name	Randy Jones
E-mail Address	rajones@calpine.com
Company	Calpine
Phone Number	713.830.8846
Cell Number	832.385.3322
Market Segment	Independent Generator

Comments

In order for TAC to have a consolidated set of recommended changes on the stand alone version of PRR791 for consideration at its 3/05/09 meeting, the following changes are suggested by Calpine. The language changes for Section 6.5.2.2, Shortage Pricing Mechanism, were taken from the 2/24/09 PRR776 Discussion Group comments submitted on PRR776, Automatic MCPE Adjustment During Intervals of Non-Spinning Reserve Service Deployment. Additional language setting variable values is also proposed in Section 6.5.5.2(3).

Calpine continues to believe that PRR791 and PRR776 (the "Combined Version" of the PRRs) can and should be passed together. We agree with the comments by some that they are different issues, however, they clearly intersect with their respective relationships to pricing. For that same reason we believe that implementing both concepts under the same PRR will not cause any software/implementation conflicts. We continue to question why they cannot be implemented together since no party has offered a clear reason why they should be considered mutually exclusive for implementation.

PRR Comments

Revised Proposed Protocol Language

6.5.2.2 Shortage Pricing Mechanism

For hour ending 0600 through hour ending 2200:

At the time of the deployment calculation for each Balancing Energy interval, if the Physical Responsive Capability (PRC) level is less than 3,000 MW, then:

(1) ERCOT shall place Balancing Energy Service Up bid curves in each Congestion Zone with two points:

(a) zero (0) MW at \$Y/MWh; and

(b) X MW at \$Z/MWh.

These bid curves will be incorporated into the corresponding BES bid curve for each zone in accordance with Section 6.5.2, Balancing Energy Service.

(2) The ramp rate associated with the curve shall be capable of fully deploying X MWs in a single interval.

(3) The values of “X”, “Y”, and “Z” shall be recommended by the Technical Advisory Committee (TAC) and approved by the ERCOT Board at least annually or whenever the system-wide offer cap is changed. The variables “X”, “Y”, and “Z” shall be set to the following values for the first sixty (60) Operating Days after implementation (“X”=20, “Y”=500, and “Z”=\$1,500) after which the value for “Z” shall be set to the then effective system-wide offer cap.

(4) The values of “Y” and “Z” shall not exceed the system-wide offer cap.

(5) The values of “X”, “Y”, and “Z” shall be posted on the Market Information System (MIS).