DOCKET NO. 36851

ERCOT APPLICATION FOR APPROVAL OF A REVISED NODAL MARKET IMPLEMENTATION SURCHARGE	**§ § § §**	**PUBLIC UTILITY COMMISSION OF TEXAS**

ERCOT APPLICATION APPROVAL OF A REVISED
NODAL MARKET IMPLEMENTATION SURCHARGE

TABLE OF CONTENTS

Table of Contents ……1

Application for Approval of a Revised Nodal Market Implementation Surcharge ……2

Attachment A: Proposed Form of Notice ……19

Direct Testimony of Mike Cleary ……...…....22

Direct Testimony of H.B. "Trip" Doggett ….……...78

Direct Testimony of Steve Byone ……...……451

Direct Testimony of Michael W. Petterson ……493

Schedules ……500

Workpapers ……524

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APPLICATION FOR APPROVAL OF A REVISED NODAL MARKET IMPLEMENTATION SURCHARGE

COMES NOW, the Electric Reliability Council of Texas, Inc. ("ERCOT'), and, pursuant to P.U.C. SUBST. R. § 25.363, P.U.C. PROC. R. § 22.252 and the Public Utility Commission of Texas' ("Commission") Orders in Docket No. 32686,[1] respectfully submits this Application for Approval of a Revised Nodal Market Implementation Surcharge ("Nodal Surcharge"). In support thereof, ERCOT presents the testimony and other materials required by the ERCOT Nodal Fee Filing Package approved in Docket No. 32686. ERCOT's testimony and supporting materials set forth the basis for ERCOT's proposed Nodal Go-Live date of not later than December 31, 2010 and its proposed budget for completion of the Texas Nodal Market Implementation Program ("Nodal Program").

In addition, ERCOT submits as part of its Fee Filing Package materials responsive to the Commission's requests at its February 26, 2009 Open Meeting for action or information on the following issues:

A. ERCOT's Financial Corporate Standard, as amended at the ERCOT Board of Directors meeting on March 17, 2009. The amended Financial Corporate Standard mandates that when ERCOT uses a combination of equity (revenue) and debt to finance projects ERCOT will not propose to revenue fund less than 40% of project budgets (attached to the direct testimony of ERCOT witness Mr. Byone as Exhibit SB-2).

B. The business processes adopted by ERCOT for: (a) conducting due diligence on and considering approval of ERCOT staff requests to use the discretionary funds included in ERCOT's proposed Nodal Program budget. (attached to the direct testimony of ERCOT witness Mr. Doggett as Exhibit TD-12); and (b) the overall Nodal Program "Budget

[1] Docket No. 32686, *Application of the Electric Reliability Council of Texas for Approval of a Nodal Market Implementation Surcharge and Request for Interim Relief* (2007).

Management Process" being implemented by the Nodal Program (attached to the direct testimony of ERCOT witness Mr. Cleary as Exhibit MC-3).

C. A report on personnel and organizational changes within the Nodal Program. (Attached to the direct testimony of ERCOT witness Mr. Cleary as Exhibit MC-1).

D. A summary of financial issues associated with a change in ERCOT's federal tax-exempt status from a Section 501(c)(4) to Section 501(c)(3) organization. (Attached to the direct testimony of ERCOT witness Mr. Byone as Exhibit SB-3).

I. INTRODUCTION AND PROCEDURAL BACKGROUND

ERCOT filed its original Application for a Nodal Surcharge on May 5, 2006, in Docket No. 32686. The Commission issued its *Interim Order* approving an interim Nodal Surcharge on August 29, 2006. The Commission ordered that the Nodal Surcharge would be "assessed to Qualified Scheduling Entities ('QSEs') representing generation resources, multiplying the surcharge factor by the total net metered generation aggregated to the QSE level."[2] After further proceedings in Docket No. 32686, the Commission approved a Nodal Surcharge of $0.127 per megawatt-hour (MWh) in an Order dated May 23, 2007. ERCOT requested an increase in the Nodal Surcharge in Docket No. 35428 to account for increased implementation costs not anticipated at the time the Commission approved the original Nodal Surcharge. The Commission approved a settlement agreement in that case, and adopted a revised Nodal Surcharge of $0.169 per MWh in an Order dated May 13, 2008.[3]

In November 2008, ERCOT requested interim approval of an additional increase in the Nodal Surcharge, in Docket No. 36412. ERCOT filed a Stipulation Agreement in the case on January 5, 2009, requesting approval of an interim Nodal Surcharge of $0.226 per MWh, to remain in effect until the Commission concludes its consideration of the request for a final revised surcharge in the proceeding ERCOT commences with the

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[2] Docket No. 32686, Interim Order, at 8.

[3] Docket No. 35428, *Application of the Electric Reliability Council of Texas for Approval of a Revised Nodal Market Implementation Surcharge*, Final Order (May 13, 2008).

initiation of this docket.[4] In Docket No. 36412, the Commission extended ERCOT's authority to continue collecting the $0.169 per MWh Nodal Surcharge through May 31, 2009, deferred action on the pending request for interim relief, and ordered ERCOT to file its request for a permanent Nodal Surcharge no later than March 31, 2009.[5]

In its *Order Nunc Pro Tunc* in Docket No. 32686, the Commission established guidelines for contested case proceedings in which changes to the Nodal Surcharge are at issue. The Commission provided that "ERCOT may initiate Commission proceedings to change the nodal surcharge only if the change in the Nodal Program cost estimate leading to the request is more than 10 percent higher or lower than the amounts presented in this proceeding."[6] In addition, the Commission ordered that "[i]n future proceedings in which ERCOT requests to change the nodal surcharge, ERCOT may use the modified ERCOT Fee Filing Package format" adopted in Docket No. 32686.

In this Application, ERCOT respectfully requests that the Commission approve its request to increase the Nodal Surcharge. ERCOT's testimony filed herewith demonstrates that the requested increase in the Nodal Surcharge is necessitated by changes in the Nodal Program schedule and budget that increase the cost estimate by more than 10 percent above that presented in Docket No. 35428 (in which the Commission approved the current Nodal Surcharge of $0.169 per MWh). The reasons for the proposed change in the Nodal Surcharge are detailed in the testimony of ERCOT witnesses and in the Nodal Fee Filing Package materials filed with this Application.

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[4] Docket No. 36412, *ERCOT Application for Approval of a Revised Nodal Market Implementation Surcharge and Request for Interim Relief*, Stipulation Agreement (Jan. 5, 2009).

[5] Docket No. 36412, Order Authorizing Extension of Interim Surcharge (Feb. 27, 2009); Order Authorizing Extension of Interim Surcharge (March 30, 2009).

[6] Docket No. 32686, Order Nunc Pro Tunc, at 2 (June 13, 2007).

II. RELIEF REQUESTED

The Commission's orders approving the Nodal Surcharge have found that it is "prudent that ERCOT have a source of funding to pay current and anticipated expenses related to the Nodal-market implementation."[7] ERCOT's determination that the original January 2009 Go-Live date could not be achieved with acceptable quality prompted a thorough review and replanning effort intended to develop a new schedule and budget for the Nodal Program that is reasonable, prudent, and achievable. The Nodal Program schedule and budget approved by the ERCOT Board of Directors, and detailed in the testimony of ERCOT's witnesses, is formulated to meet that goal. ERCOT requests that the Nodal Surcharge be increased to a level that will recover the Nodal Program expenses documented in ERCOT's testimony. ERCOT requests the Nodal Surcharge be set at a level that will, consistent with prudent financial standards, enable a minimum of 40 percent of Nodal Program funding to come from revenue by the projected December 31, 2010 Go-Live date. Specifically, ERCOT requests the following:

A. Adoption of a Nodal Surcharge to recover costs based on the schedule and budget for completing the Nodal Program adopted by the ERCOT Board of Directors.

The revised Nodal Surcharge ERCOT requests the Commission approve in this proceeding is set to recover the costs of the Nodal Program. The program schedule and costs have been revised significantly since the Commission approved the current Nodal Surcharge in 2008. Under the schedule and budget approved by the ERCOT Board of Directors, which forms the basis of ERCOT's request in this proceeding, Nodal market Go-Live will occur no later than December 31, 2010.[8] The revised Nodal Program budget, including estimated financing costs and discretionary funds, totals $643.8 million. This total is composed of:

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[7] Docket No. 32686, *Order*, at 7 (FOF 14).

[8] The Board of Directors resolution approving the revised Texas Nodal schedule and budget is attached to the direct testimony of ERCOT witness Mr. Doggett, as Exhibit TD-1.

- Direct and indirect costs: $507.5 million.

  The direct and indirect costs are the costs of the design, development, and testing of the Nodal market systems, including the cost of human resources, hardware, software, and readiness activities.

- Discretionary funding controlled by ERCOT Board: $58.6 million.

  The discretionary funding included in the Nodal Program budget is included so that sufficient funds will be available to address potential program risks, the costs of which cannot be currently quantified. The Board of Directors has exclusive control over when and whether discretionary funds may be used.

- Financing costs: $77.7 million.

  The costs of financing approximately 60 percent of Nodal Program costs with debt are estimated based on the assumption that ERCOT's proposed Nodal Surcharge, which achieves a 40 percent revenue contribution to program costs during the project development phase, is approved by the Commission. In general, a higher Nodal Surcharge will reduce financing costs by increasing the revenue portion of program funding during the project development phase; a lower Nodal Surcharge will result in higher financing costs, and thus a higher overall cost of getting to Go-Live.

The changes in the Nodal Program budget leading to ERCOT's request to increase the Nodal Surcharge are summarized in Table 1 below. Table 1 compares the current proposed budget and costs to be recovered via the Nodal Surcharge to the estimates presented when the Commission approved the current Nodal Surcharge in Docket No. 35428:

Table 1: Comparison of Current Proposed Budget with Docket 35428.

	Docket 35428[9] ($ millions)	Current Proposal ($ millions)	Difference ($ millions)
Total Program budget	308.8	566.1[10]	257.3
Less:			
Zonal/Nodal projects	39.7	39.7	N/A
Nodal costs to be financed	269.1	526.4	257.3
Plus:			
Debt financing costs	42.2	77.7[11]	35.5
Costs recoverable via Nodal Surcharge	311.3	604.1	292.8

The revised Go-Live date is based on the Integrated Program Schedule ("IPS") developed by the Nodal Program beginning in June 2008. The IPS provides a detailed roadmap of the numerous specific tasks that must be completed to achieve Go-Live. The IPS roadmap includes documentation of the Nodal Program's "critical path" and "near critical path" tasks and how they impact ERCOT's delivery of the Nodal market.

The testimony of ERCOT Senior Vice-President and Chief Operating Officer H.B. "Trip" Doggett describes the methodologies used to develop the IPS roadmap and the proposed budget, and includes the documentation the Nodal Program is now using to track progress, identify program risks, and establish accountability for solutions.

[9] In the materials supporting Docket No. 35428, "capitalized interest" was listed as a separate category deducted from the "total program budget" in this calculation. The $10.6 million of capitalized interest is not listed as a separate category in the current budget, and for consistency of presentation, it is therefore subtracted from the overall Docket No. 35428 number in this table.

[10] This figure equals the total of the direct and indirect costs ($507.5 million) and discretionary funds ($58.6 million) listed above.

[11] The debt financing costs figure assumes, for purposes of presenting ERCOT's proposal, that the pending interim surcharge proposal of $0.226 per MWh is approved effective June 1, 2009.

B. Approve the interim Nodal Surcharge pending in Docket No. 36412 and implementation of the revised Nodal Surcharge proposed by ERCOT in this proceeding, effective January 1, 2010.

ERCOT requests that the Commission: (1) adopt the interim surcharge of $0.226 per Megawatt hour ("MWh") included in the pending settlement of Docket No. 36412[12] for the remainder of calendar year 2009; and (2) approve a revised Nodal Surcharge, effective January 1, 2010, with the rate dependent upon the implementation date for the interim surcharge, as set forth in Table 2 below.

ERCOT requests that the revised rate be effective January 1, 2010, and remain in effect until all Nodal Program costs are recovered, currently expected to be in 2014. Alternatively, if the Commission rejects the interim surcharge settlement and leaves the Nodal Surcharge at its current level of $0.169 per MWh for the remainder of 2009, ERCOT requests that the Commission approve a revised Nodal Surcharge of $0.375 per MWh, also effective January 1, 2010.[13] Table 2 below illustrates the impact on the Nodal Surcharge that would become effective January 1, 2010 that would result from either maintaining the current Nodal Surcharge for the remainder of 2009 or authorizing the increase to $0.226 per MWh (based on the Docket No. 36412 settlement) using various effective dates in 2009.

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[12] Docket No. 36412, *ERCOT Application For Approval of a Revised Nodal Surcharge and Request For Interim Relief* (pending).

[13] The Board of Directors resolution authorizing ERCOT to request the Nodal surcharge proposed in this proceeding is attached to the direct testimony of ERCOT witness Mr. Byone, as Exhibit SB-1.

Table 2: Impact of interim rate implementation date on level of revised Nodal Surcharge effective Jan. 1, 2010.

Implementation date of interim rate increase from $0.169 to $0.226 per MWh	**Rate needed January 1, 2010 to ensure 40% revenue contribution during development**
June 1, 2009	$0.335
July 1, 2009	$0.341
August 1, 2009	$0.347
September 1, 2009	$0.353
No increase in $0.169 rate until Jan. 1, 2010	$0.375

The proposed revision to the Nodal Surcharge enables ERCOT to maintain compliance with the ERCOT Financial Corporate Standard adopted at the March 17, 2009 meeting of its Board of Directors, which requires that ERCOT fund at least 40 percent of project budgets from equity (revenue) sources rather than from debt. The amended Financial Corporate Standard applies to all ERCOT project budgets, including the Nodal Program budget. It is therefore incumbent on ERCOT to manage Nodal Program funding in a manner that will move the equity (revenue) contribution level of the Nodal Program from the 26 percent contribution through February 28, 2009 up to 40 percent of project implementation costs by the "Go-Live" date.

C. Maintain the allocation formula for the Nodal Surcharge and the processes approved by the Commission in Docket No. 32686 for addressing cost changes and a final accounting of Nodal transition costs.

The Commission determined in Docket No. 32686 that the interim Nodal Surcharge should be "charge[d] to QSEs representing generation resources, multiplying the surcharge factor . . . by the total net metered generation aggregated to the QSE level."[14] ERCOT implemented billing of the Nodal Surcharge based on the Commission's Order on October 1, 2006 (when the original Nodal Surcharge first became effective). ERCOT continues to take no position regarding how the Nodal Surcharge should be allocated. As a practical matter, it will be operationally simpler to maintain the current allocation formula for the life of the Nodal Surcharge. On the other hand, if the Commission changes its policy determination regarding Nodal Surcharge allocation, ERCOT will work with the Commission and Market Participants to implement the Commission's decision.

III. CONTENTS OF FEE FILING PACKAGE SUPPORTING ERCOT'S REQUEST FOR FINAL NODAL SURCHARGE

In the *Order Nunc Pro Tunc* in Docket No. 32686, as well as in Order Nos. 13 and 14 in the same docket, the Commission authorized ERCOT to submit a Fee Filing Package ("FFP") for Nodal Surcharge requests that focuses on providing information directly relevant to ERCOT's Nodal Program costs. For example, the FFP approved by the Commission requires extensive "historical test year" information. This historical information is filed to guide the Commission's evaluation of ERCOT's requests for changes to its System Administration Fee ("SAF"). Because the transition from the Zonal to the Nodal market is a one-time occurrence, however, there is no "historical test year" data that sheds light on ERCOT's expected costs as it completes the Nodal transition. The Commission recognized this aberration in Order Nos. 13 and 14 and its *Order Nunc Pro Tunc*, and ordered that certain types of information normally required in an ERCOT SAF proceeding is not relevant to ERCOT's request for approval of a Nodal Surcharge. Consistent with the Commission's prior Orders, ERCOT files the following

[14] Docket No. 32686, *Order* at 8 (FOF 20).

information herewith in support of this Application for Approval of a Revised Nodal Surcharge.

A. Direct Testimony

In support of its Application, ERCOT files the direct testimony of four witnesses. These witnesses address the proposed schedule and budget for completing the Nodal Program and ERCOT's proposals for funding it via the Nodal Surcharge. The following ERCOT personnel have filed direct testimony in support of ERCOT's Application:

WITNESS	TITLE
Mike Cleary	Senior Vice-President and Chief Technology Officer
H.B. "Trip" Doggett	Senior Vice-President and Chief Operating Officer
Steve Byone	Vice-President and Chief Financial Officer
Michael W. Petterson	Controller

ERCOT's direct testimony is of "sufficient scope and detail to meet ERCOT's burden of proof to justify the proposed" Nodal Surcharge.[15] ERCOT respectfully requests that, as part of the establishment of a procedural schedule in this docket, ERCOT be given the opportunity to file rebuttal testimony in response to testimony filed by intervenors, Commission Staff, or the Office of Public Utility Counsel.

B. Schedules

Pursuant to the requirements of the ERCOT FFP, as adjusted pursuant to the Docket No. 32686 *Order Nunc Pro Tunc* and Order Nos. 13 and 14, ERCOT files herewith the following Schedules. The numbering of the Schedules follows the numbering convention in the ERCOT FFP for Future Test Year Schedules.

Schedule 1 – Nodal Program Revenue Requirement and Surcharge Summary

- Annual revenue and surcharge requirements for the Nodal Program.
- Quantifies surcharge by use.

[15] *See* ERCOT Fee-Filing Package, General Instructions, Item 12.

Schedule 2 – Summary of Estimated Income Sources

- Details revenue sources and provides anticipated income.

Schedule 3 – Sources & Uses of Funds Summary

- Summarizes annual funding sources and anticipated uses of funds by the Nodal Program.

Schedule 4 – Nodal Program Expenses by Project

- Summarizes program revenue requirements by project and expenditure category.

Schedule 5 – Nodal Program Expenses by Project

- Summarizes budgeted expenses for each project of the Nodal Program.

Schedule 6 – Nodal Program Expenses by Expense Type

- Summarizes budgeted expenses for the Nodal Program by expense type.

Schedule 7 – Nodal Program – 2008 Operating Activity as of December 31, 2008

- Summarizes Nodal Program revenue, operating expenses and allocated interest expenses incurred through December 31, 2008.

Schedule 8 – Nodal Program – Annual Project Expenses as of December 31, 2008

- Summarizes annual Nodal Program expenditures by expense category as of December 31, 2008.

Schedule 9 – Capital Project Budget to Actual Comparison

- Schedule is not required per Docket No. 32686 Order No. 13.

Schedule 10 – ERCOT – Pro Forma Statements of Financial Position

Schedule 11 – ERCOT – Pro Forma Statements of Activities

Schedule 12 – ERCOT – Pro Forma Statements of Cash Flows

Schedule 13 – Financial Analyses

Schedule 14 – Workforce Requirements

- Schedule is not required per Docket No. 32686 Order No. 13.

Schedule 15 – Staffing Activities

- Schedule is not required per Docket No. 32686 Order No. 13.

Schedule 16 – Consultant Activities

- Schedule is not required per Docket No. 32686 Order No. 13.

The listed Schedules are sponsored by the testimony of ERCOT Controller Michael W. Petterson.

C. Workpapers

Pursuant to the requirements of the ERCOT FFP, as adjusted pursuant to Order Nos. 13 and 14, ERCOT files herewith the following Workpapers.

Workpaper 1.1 ERCOT Fee Summary

- Graphical and tabular representation of ERCOT's fees in dollars per MWh.

Workpaper 1.2 - MWh Forecast

- Graphical and table representation of forecasted generation utilized to calculate revenue received from the Nodal Surcharge.

Workpaper 1.3 – Workpaper 1.8 Increase Nodal Surcharge Option (one Workpaper for each option considered)

- Calculation of revised surcharge, interest, and revenue requirement based on various implementation dates.

Workpaper 3.1 – Nodal Program Interest Calculations

- Summarizes calculation of financing charges incurred as a result of Nodal Program expenditures.

Workpaper 3.2 – Zonal/Nodal Dependent Projects

- Summarizes the expected annual cash flows of each Zonal/Nodal dependent project.
-

Workpaper 4.1 – Docket No. 35428 Budget vs. Current Budget Reconciliation by Expense Type

- Identifies budget (approved in Docket No. 35428 Nodal Surcharge filing) reallocations by expense type.

Workpaper 4.2 – Workpaper 4.16 - Project Expenses by Expense Type (one Workpaper for each Nodal Program project)

Workpaper 5.1 – Docket No. 35428 Budget vs. Current Budget Reconciliation by Project

- Identifies budget approved in Docket No. 35428 Nodal Surcharge filing reallocations by project.

Workpaper 17.1 – Account Listing

- Lists ERCOT's general ledger chart of accounts.

Workpaper 17.2 - Nodal Program Project Listing

- Numerical listing of Nodal Program projects utilized in the ERCOT financial system for expenditure tracking and reporting.

Workpaper 17.3 - ERCOT Time Tracking Activity Listing

- Listing of work activities utilized to record, track, and report resource efforts.

IV. NOTICE

Pursuant to Commission rule,[16] ERCOT will provide notice of this Application by electronic mail to all entities subject to the ERCOT SAF, as identified through current information available to ERCOT, and to all intervenors in Docket Nos. 31824, 32686, 35428 and 36412, the prior SAF and Nodal Surcharge dockets. In addition, ERCOT will post this Notice and a copy of its Application on its web site at:

http://www.ercot.com/about/governance/legal_notices.html.

A copy of ERCOT's Form of Notice is attached hereto as Attachment A.

V. EFFECTIVE DATE

ERCOT respectfully requests that the Commission make the revised Nodal Surcharge requested in this docket effective no later than January 1, 2010.

VI. BUSINESS ADDRESS

ERCOT's business address and telephone number are: Electric Reliability Council of Texas, Inc., 7620 Metro Center Drive, Austin, Texas 78744, and (512) 225-7000.

[16] PUCT PROC. R. §22.252(d).

VII. AUTHORIZED REPRESENTATIVES

ERCOT's authorized representatives for service of all pleadings and other documents are:

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VIII. PRAYER FOR RELIEF

WHEREFORE, for all the reasons stated, ERCOT respectfully requests that the Commission: (i) approve ERCOT's proposed revised Nodal Surcharge as requested herein; (ii) approve ERCOT's proposed form of notice; (iii) convene a Prehearing Conference in this docket as soon as practicable for purposes of establishing a procedural schedule; and (iv) grant ERCOT such other relief to which it may show itself to be entitled.

Respectfully submitted,

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ATTORNEYS FOR ELECTRIC
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Certificate of Service

I hereby certify that a copy of ERCOT's Application for Approval of Revised Nodal Market Implementation Surcharge was filed with the Commission and was served on all parties of record to Docket Nos. 32686, 35428, and 36412 on March 31, 2009 by hand delivery, electronic mail, or first class U.S. mail.

Bill Magness

ATTACHMENT A: PROPOSED FORM OF NOTICE

DOCKET NO. 36851

ERCOT APPLICATION FOR APPROVAL OF A REVISED NODAL MARKET IMPLEMENTATION SURCHARGE	§ § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

NOTICE

On March 31, 2009, Electric Reliability Council of Texas, Inc. ("ERCOT") filed with the Public Utility Commission of Texas ("Commission") its Application for Approval of a Revised Nodal Market Implementation Surcharge ("Nodal Surcharge"). The purpose of the Nodal Surcharge is to fund the personnel, software, equipment, training and services necessary to develop and implement the Nodal Market called for in the ERCOT Nodal Protocols approved by the Commission. In May 2008, in Docket No. 35428, the Commission approved a Nodal Surcharge in the amount of $0.169 per megawatt hour ("MWh"), to be charged to Qualified Scheduling Entities ("QSEs") representing generation resources. The Nodal Surcharge is calculated by multiplying the surcharge factor of $0.169/MWh by the total net metered generation aggregated to the QSE level. ERCOT requests that it be authorized to increase the Nodal Surcharge, effective no later than January 1, 2010. ERCOT requests that the Commission increase the Nodal Surcharge so that ERCOT may recover additional costs of the Nodal Program not included in the estimates available when the $0.169/MWh Nodal Surcharge was approved in Docket No. 35428. ERCOT does not propose that the entities affected by the revised Nodal Surcharge will be any different from those affected by the existing Nodal Surcharge. The impact on the entities that pay the Nodal Surcharge will vary depending on the amount of the increase in the surcharge approved by the Commission. ERCOT requests that the Commission: (1) adopt the interim surcharge of $0.226 per Megawatt hour ("MWh") included in the pending settlement of PUC Docket No. 36412, *ERCOT Application For Approval of a Revised Nodal Surcharge and Request For Interim Relief*, for the remainder of calendar year 2009; and (2) approve a revised Nodal surcharge,

effective January 1, 2010, with the surcharge rate dependent upon the implementation date for the interim surcharge, as set forth in Table 1 below.

ERCOT requests that he revised rate be effective January 1, 2010, and remain in effect until all Nodal Program costs are recovered, currently expected to be in 2014. Alternatively, if the Commission rejects the interim surcharge settlement and leaves the Nodal surcharge at its current level of $0.169 per MWh for the remainder of 2009, ERCOT requests that the Commission approve a revised Nodal surcharge of $0.375 per MWh, also effective January 1, 2010.

Table 1: Impact of interim rate implementation date on level of revised Nodal surcharge effective Jan. 1, 2010.

Implementation date of interim rate increase from $0.169 to $0.226 per MWh	Rate needed January 1, 2010 to ensure 40% revenue contribution during development
June 1, 2009	$0.335
July 1, 2009	$0.341
August 1, 2009	$0.347
September 1, 2009	$0.353
No increase in $0.169 rate until Jan. 1, 2010	$0.375

The ERCOT Board of Directors approved ERCOT's filing for a revised Nodal Surcharge at its March 17, 2009 meeting. ERCOT expects that approval of the revised Nodal Surcharge will enable ERCOT to increase its revenues sufficiently to pay the costs of the Nodal Program in a financially prudent manner. ERCOT estimates that the total costs recoverable from the Nodal Surcharge will be $604.1 million.

The deadline for intervention in the proceeding is May 1, 2009.

Persons who wish to intervene in or comment in this proceeding should notify the Public Utility Commission of Texas by the intervention deadline. A request to intervene or for further information should be mailed to the Public Utility Commission of Texas,

P.O. Box 13326, Austin, Texas 78711-3326. A request to intervene 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.

ERCOT has posted this notice and a copy of its Nodal Surcharge Application on its web site at:

http://www.ercot.com/about/governance/legal_notices.html.

Interested parties may also access ERCOT's Application for Approval of a Revised Nodal Market Implementation Surcharge through the Public Utility Commission's web site at http://www.puc.state.tx.us under Docket No. 36851, *ERCOT Application for Approval of a Revised Nodal Market Implementation Surcharge.*