

DOCKET NO. 38840

APPLICATION OF ERCOT FOR	§	
APPROVAL OF POST-GO-LIVE	§	PUBLIC UTILITY COMMISSION
UTILIZATION OF THE TEXAS	§	
NODAL MARKET	§	OF TEXAS
IMPLEMENTATION SURCHARGE	§	

NOTICE

On October 25, 2010, Electric Reliability Council of Texas, Inc. (ERCOT) filed with the Public Utility Commission of Texas (Commission) its *Application for Approval of Post-Go-Live Utilization of the Texas Nodal Market Implementation Surcharge* (Application). The purpose of the Application is to seek Commission approval of ERCOT’s use of revenue generated by the Texas Nodal Market Implementation Surcharge (Nodal Surcharge) on or after the December 1, 2010 planned “go-live” date of the nodal market in the ERCOT region.

The Commission’s approval of the use of Nodal Surcharge revenues as requested in ERCOT’s Application would not result in a change in the Nodal Surcharge, which would remain at its currently approved level of \$0.375 per megawatt hour. The Nodal Surcharge is calculated by multiplying the surcharge factor of \$0.375 per megawatt hour by the total net metered generation aggregated to the Qualified Scheduling Entity (QSE) level. If ERCOT’s Application is approved, the entities affected by the Nodal Surcharge will be no different from those affected by the existing Nodal Surcharge approved in 2009 by the Commission Docket No. 36851. Approval of the Application would not affect any other fee currently charged by ERCOT, so no changes in fees would occur upon the effective date of a Commission order in this proceeding. The Commission’s approval of ERCOT’s Application would enable ERCOT to fund project costs associated with stabilization and maintenance of nodal market systems and processes from Nodal Surcharge revenues on or after the planned go-live date of December 1, 2010. If the Application is not approved, ERCOT would be required to fund those project costs from other revenue sources, which would also require Commission approval. Approval of the Application will therefore have no net effect on ERCOT revenues.

The ERCOT Board of Directors (Board) approved the filing of ERCOT's Application at its October 19, 2010 meeting. ERCOT's Application requests that the Commission approve the use of Nodal Surcharge revenues for designated post-go-live projects for two reasons. First, use of Nodal Surcharge revenues has, to date, been limited to funding expenses leading up to the go-live date of the nodal market. While the post-go-live project activities ERCOT proposes to fund from Nodal Surcharge revenues are all directly related to the nodal market transition, the Commission's prior orders approving the Nodal Surcharge did not explicitly address using any of the surcharge revenues to fund post-go-live expenses. It is consistent with the Commission's prior orders to have requests for any change in the use of the Nodal Surcharge presented to the Commission for approval. Second, ERCOT's proposal will enable it to effectively manage the transition to the nodal market in 2011 without seeking increases in either the Nodal Surcharge or the ERCOT System Administration Fee. The use of a fixed amount of the proceeds of the previously-approved Nodal Surcharge to ensure adequate funding for specific tasks associated with the post-go-live stabilization of the nodal market, but will achieve that goal without altering the level of fees currently in effect.

The proposed effective date of the Commission order requested by ERCOT is December 1, 2010, or as soon thereafter as possible.

The deadline for intervention in this proceeding is November 24, 2010.

Persons who wish to intervene in or comment in this proceeding should notify the Public Utility Commission of Texas within 30 days of this notice. 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 Application on its web site at:
http://www.ercot.com/about/governance/legal_notices.html.

Interested parties may also access ERCOT's Application through the Public Utility Commission's web site at <http://www.puc.state.tx.us> under Docket No. **38840**.

Date of this notice: October 25, 2010.