



RESOURCE ADEQUACY STATUS REPORT

SCARCITY PRICING OPTIONS FOR SUMMER 2012 IMPLEMENTATION

APRIL 12, 2012 PUCT OPEN MEETING

SCARCITY PRICING OPTIONS DISCUSSED AT MARCH 22, 2012 OPEN MEETING

Option #	Pricing Changes	ERCOT Documents Impacted	Legal Considerations	System Considerations
1	<ul style="list-style-type: none"> Change the shape of Power Balance Penalty Curve (PBPC) 	<ul style="list-style-type: none"> Methodology 	<ul style="list-style-type: none"> ERCOT Board Approval 	<ul style="list-style-type: none"> Parameter Update
2	<ul style="list-style-type: none"> Change the shape of PBPC Set $PBPC_{max}$ @ \$4500/MWh 	<ul style="list-style-type: none"> Methodology 	<ul style="list-style-type: none"> ERCOT Board Approval P.U.C. SUBST. R. 25.505(g) revision or good cause exception 	<ul style="list-style-type: none"> Parameter Update
3	<ul style="list-style-type: none"> Change the shape of PBPC Set $PBPC_{max}$ @ \$4500/MWh Offers for RUC, RRS, RMR & Reg Up to \$4500/MWh 	<ul style="list-style-type: none"> Methodology Protocols 	<ul style="list-style-type: none"> ERCOT Board Approval P.U.C. SUBST. R. 25.505(g) revision or good cause exception 	<ul style="list-style-type: none"> Two approaches (see next slide)

TWO APPROACHES FOR OPTION 3

OPTION 3

- Change the shape of PBPC
- Set $PBPC_{max}$ @ \$4500/MWh
- Offers for RUC, RRS, RMR & Reg Up to \$4500/MWh

Approach	Implementation	Offers for RUC, RRS, RMR & Reg Up	Proxy Curve Extensions	Other Considerations
A	Parameter & Application Software Updates	By ERCOT System	To \$3000/MWh	Schedule risks associated with release testing and other projects (including NPPRR351)
B	Parameter Update (Set SWCAP parameter in ERCOT systems at \$4500/MWh)	By Market Participant	To \$4500/MWh	Offer validation process for Day Ahead and Real Time Markets in the ERCOT system would only reject offers greater than \$4500/MWh