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ODESSA-ECTOR POWER PARTNERS, L.P.'S APPEAL AND COMPLAINT OF ERCOT’S DENIAL OF SETTLEMENT DISPUTES

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Pursuant to P.U.C. PROC. R. 22.251, Odessa-Ector Power Partners, L.P. ("Odessa") files this complaint and appeal of the Electric Reliability Council of Texas' ("ERCOT") denial of real time market settlement payments to Odessa following ERCOT manual overrides of Odessa's High Dispatch Limit (HDL) on November 15, 16, and 20, 2012. The grounds for Odessa's appeal are set forth below.

I. INTRODUCTION

This dispute concerns ERCOT's management of the day ahead and real time markets, and its refusal to make associated settlement payments to Odessa, for the operating days November 15, 16, and 20, 2012. On each of those days ERCOT applied manual overrides of Odessa's HDL, restricting the output of this plant in response to a combination of voltage conditions and other constraints associated with outages on area Oncor transmission facilities that had been occurring since at least November 13, 2012. On each day Odessa operated in full compliance with all ERCOT dispatch instructions. As a result of complying with what amounted to emergency restrictions on its output, so that ERCOT could address, for the benefit of the grid reliability as a whole, conditions that Odessa had no part in making, Odessa suffered real and significant losses.
ERCOT's Nodal Protocols (Protocols), as designed by ERCOT and ERCOT Stakeholders, lay out specific tools and procedures that ERCOT is expected to follow when managing the reliability of the grid. Not only were the market conditions during the dates in question contemplated during the design of the Nodal Market, but they were specifically addressed in the Protocols. Odessa believes that ERCOT could have used its market based tools, rather than manual overrides, to achieve its desired result within the design of the Protocols, which would have resulted in no financial harm to Odessa. Nevertheless, Odessa agrees that preserving reliability is of the utmost importance for ERCOT. If ERCOT, however, has broad discretion to take actions that go beyond the specific procedures and design of the Protocols in the name of ensuring reliability, broad interpretation should also be applied to the Protocols regarding compensation for the market participant that was harmed by such actions by following ERCOT's dispatch instructions.

Odessa is entitled to compensation for these losses for several reasons. First, assuming, that it was appropriate in these circumstances for ERCOT to step outside of the nodal market mechanisms, namely, the Security Constrained Economic Dispatch Model (SCED), and to force Odessa energy output down below its energy offer curve in order to protect the grid from conditions created by third parties and to secure voltage support from the Odessa plant, then Odessa is entitled to additional compensation under the emergency operations and voltage support provisions of ERCOT's Protocols Protocols. ERCOT's failure to compensate Odessa in its settlements for those days was contrary to those Protocols. Furthermore, pursuant to its Verbal Dispatch Instruction (VDI) Protocols, Odessa requested, and ERCOT should have given, a VDI, rather than a manual
override, which also would have provided Odessa compensation for its losses. Finally, it should be recognized that there is no express authorization in the Protocols for the type of manual override order that ERCOT utilized here. Indeed, these orders were in the nature of Out of Merit Energy (OOME) down zonal market orders that were not expected to be used in the nodal market. Had ERCOT used its recognized nodal market tools, such as SCED, instead of manual intervention, the appropriate market pricing would have resulted and Odessa would have responded accordingly based on its submitted energy offer curve. But ERCOT determined that it had authority to act here in a way not recognized in Protocol procedures. If the Public Utility Regulatory Act (PURA) and the Protocols are to be construed to support the broad implied authority on which ERCOT relies to justify its issuance of manual overrides to Odessa, a corresponding responsibility must be recognized to compensate a market participant who suffers losses in complying with such overrides for the good of the larger grid. Accordingly, Odessa is entitled to a total payment of $321,412.40 with respect to the three operating days at issue, as further detailed below.

Odessa timely filed formal settlement disputes with ERCOT, which were denied, and timely initiated an ADR process with ERCOT on February 15, 2013. The initial dispute resolution meeting was conducted on June 7, 2013. ERCOT denied Odessa’s request for relief by operation of law 45 days later on July 22, 2013, pursuant to § 20.3(4) of the Protocols. Odessa timely submits this appeal. As established below, ERCOT’s denial is unlawful in several respects, and should be reversed to avoid significant harm to Odessa.
II. COMPLAINANT AND AUTHORIZED REPRESENTATIVES

Odessa is the complainant in this matter. The contact information of Odessa’s authorized legal representatives is as follows:

Patrick R. Cowlishaw  
Stephanie C. Sparks  
Jackson Walker L.L.P.  
901 Main Street, Suite 6000  
Dallas, Texas 75202  
214.953.6000  
214.953.5822 (fax)  
pcowlishaw@jw.com  
ssparks@jw.com

The contact information of Odessa’s authorized business representative is as follows:

Ryan Aldridge  
EquiPower Resources Corp on behalf of Odessa-Ector Power Partners, L.P.  
100 Constitutional Plaza  
9th Floor  
Hartford, Connecticut 06103  
214-701-2071  
raldridge@eqpwr.com

Additionally, Merrill Lynch Commodities, Inc. (MLCI) as Odessa’s Qualified Scheduling Entity (QSE) may be a party necessary for relief to be granted. MLCI has agreed to join in this appeal and complaint as QSE for Odessa for the sole purpose of enabling Odessa to receive additional compensation through transfer from MLCI to Odessa, if Odessa is entitled to such relief. MLCI is not taking a position on the disputed issues herein. The contact information for MLCI’s representative is as follows:

Kathleen LaValle  
Jackson Walker L.L.P.  
901 Main Street, Suite 6000  
Dallas, Texas 75202
Odessa requests that all information and documents in this proceeding be served on each of the persons above at their respective addresses, fax numbers, or, if e-mail service is authorized, at the respective e-mail addresses.

III. RESPONDENT

ERCOT is the only entity from which Odessa seeks relief. The legal representative of Respondent ERCOT is:

Bill Magness
General Counsel
Nathan Bigbee
Sr. Corporate Counsel
ERCOT
7620 Metro Center Drive
Austin, Texas 78744
(512) 225-7000
Fax (512) 225-7020
bmagness@ercot.com
nbigbee@ercot.com

IV. STATEMENT OF THE CASE

Underlying Proceedings. Due to the substantial losses Odessa incurred on November 15, 16, and 20, 2012, Odessa timely filed formal settlement disputes with ERCOT (Settlement Dispute Nos. 1-1150737761, 1-1152712811, and 1-1150737791). See Exhibit A-1 attached to the Affidavit of Ryan Aldridge ("Aldridge Aff."). ERCOT denied the settlement disputes on January 3 and 7, 2013. See Exhibits A-2, A-3, and A-4 to the Aldridge Aff. Odessa subsequently timely initiated an ADR process with ERCOT on February 15, 2013. See Exhibit A-5 to the Aldridge Aff. The initial dispute resolution meeting between ERCOT and Odessa was conducted on June 7, 2013. ERCOT denied
Odessa’s request for relief by operation of law 45 days later on July 22, 2013, pursuant to § 20.3(4) of the Protocols. See Exhibit A-6 to the Aldridge Aff.

Identity of Directly Affected Entities or Classes. The Commission’s decision in this matter will directly affect Odessa and ERCOT.

Concise Description of Conduct From Which Relief is Sought. Odessa seeks relief from ERCOT’s denial of Odessa’s real time market settlement payments following ERCOT manual overrides of Odessa’s HDL on November 15, 16, and 20, 2012.

Statement of Applicable ERCOT Procedures and Protocols. The following ERCOT Protocols are relevant to this appeal: §§ 2.1 (Definitions); 6.5.1 (ERCOT Control Area Authority); 6.5.2 (Operating Standards); 6.5.8 (Verbal Dispatch Instructions); 6.6.7.1 (Voltage Support Service Payment); 6.6.9 (Emergency Operations Settlement); 6.6.9.1 (Payment for Emergency Power Increase Directed by ERCOT). This appeal also involves consideration of several provisions of PURA, including, without limitation, PURA § 39.001(d), and P.U.C. PROC. R. 22.251.

This is an appeal from an ERCOT denial of settlement dispute payments following ERCOT manual overrides of Odessa’s HDL. Odessa initiated an ADR process on February 15, 2013. The initial dispute resolution meeting between ERCOT and Odessa was conducted on June 7, 2013. Pursuant to § 20.3(4) of the ERCOT Protocols, ERCOT denied Odessa’s request by operation of law 45 days later on July 22, 2013. This appeal is filed within 35 days after ERCOT’s July 22 denial, pursuant to P.U.C. PROC. R. 22.251(d). All prerequisites to appeal under Section 21 of the Protocols have been satisfied, and this appeal is timely filed.
**Statement Related to Suspension.** Odessa is not seeking a suspension of ERCOT’s conduct at this time.

**Commission Jurisdiction.** The Commission has jurisdiction over this appeal under PURA § 39.151 and P.U.C. PROC. R. 22.251.

V. **ISSUES TO BE ADDRESSED**

Whether ERCOT’s denial of Odessa’s real time market settlement payments following ERCOT’s manual overrides of Odessa’s HDL violated ERCOT’s Protocols?

VI. **STATEMENT OF FACTS**

In early November 2012, planned outages on Oncor transmission facilities near Odessa were causing voltage issues in the area. On November 13 and 14, the day ahead market cleared Odessa for only about one-half of the plant’s 1000 MW capacity. This was consistent with prior experience during similar congestion instances since the nodal market design was implemented.

On November 15, things changed. Odessa believes that in order to avoid a voltage collapse in the region, ERCOT simply needed the Odessa plant to be on-line during the outages. However, the amount of MW output from Odessa did not impact the voltage stability in the region. Once on-line, two competing thermal constraints were impacted by the output of Odessa. If the output from Odessa was at or below 490 MWs, prices at the Odessa node were very high in comparison to other nodes. ERCOT appears to have made a judgment that it predicted that pricing at the Odessa node would have been significantly below other nodes had the output of the facility been allowed to go above 490 MWs. But how SCED would have actually priced the output above 490 MWs is unknown because ERCOT did not allow Odessa’s output to exceed 490 MWs.
On November 15, Odessa’s Block 1 was cleared day ahead in a 1x1 configuration (approximately 250 MW) for HE 7 – HE 14, and 2x1 (500 MW) for HE 15 – HE 24. ERCOT issued a Reliability Unit Commitment (RUC) instruction during real time for Odessa’s Block 2 in a 1x1 configuration. Then, at HE 15, ERCOT operators applied manual overrides of Odessa’s HDL to limit Odessa’s output to the same level that would have been achieved had Odessa been running in a single 2x1 configuration that was consistent with its day ahead award. ERCOT took this action, rather than relying on SCED or other market based tools that are specifically provided in the Protocols to resolve such issues and maintain reliability within ERCOT. Odessa does not dispute that the ERCOT operators chose to manually override the tools due to their opinion that it would maintain reliability. Odessa is a large resource, and it is important to the reliability of the region.

However, the result of ERCOT’s manual override was to restrict Odessa’s total output to no more than 490 MW, forcing both Blocks to low sustainable limits (LSL), effectively the same output that would have occurred if Odessa had been permitted to operate Block 1 according to its Commercial Operating Plan (COP) and Energy Offer Curves (EOC). Based on its EOC and the real time settlement point price at the Odessa node, the lost opportunity to deliver the energy that Odessa should have been permitted to deliver during HE 15 – HE 24 resulted in a loss of $27,038.01.¹ Odessa maintains that this loss would not have occurred if SCED has been permitted to resolve the relevant constraints. The circumstances of November 16 followed the same pattern, and resulted in a loss of $35,520.69.

¹ The total amounts Odessa requests herein remove any avoided fuel costs.
The most serious financial loss occurred on November 20. The problem began when ERCOT cleared both Odessa’s Block 1 and 2 in a 1x1 configuration for all hours and in a 2x1 configuration for Block 2 for HE 12 – HE 19 in the day ahead market. This meant that Odessa was cleared to run at roughly 750 MW during HE 12 – HE 19. Odessa was immediately concerned that starting an additional gas turbine would cause problems for ERCOT operators. Additionally, Odessa was concerned it again would be restricted by ERCOT operators in real time to 490 MW, given no change in the area voltage issues, leaving the plant unable to meet its day ahead award obligation and forcing it to buy back its day ahead market obligation in the real time market. Odessa and its qualified scheduling entity (QSE) contacted Odessa’s client representative at ERCOT and sought a meeting with ERCOT subject-matter experts (SMEs) to discuss these issues. By conference call, the client representative and representatives of ERCOT Settlements advised Odessa that it would be charged if it was unable to meet its day ahead obligation but would not comment on the likelihood that Odessa actually would be given an opportunity to meet that obligation, as opposed to being restricted by ERCOT operators.

On November 20, Odessa followed its day ahead award and started up the additional turbine to satisfy the 2x1 configuration. As soon as it did so, ERCOT operators responded by issuing a manual override of Odessa’s HDL and forcing all online units to their LSL, or a total of 490 MW. Odessa contacted ERCOT and requested a VDI for the manual override; the ERCOT Transmission Desk responded that ERCOT does not provide VDIs for manual HDL overrides due to voltage issues. Real time prices at the Odessa node that day reached $1500/MWh. Odessa had been online, ready, willing, and able to meet the day ahead award as evidenced by its COP and EOC but was prevented
from doing so as a result of ERCOT’s issuance of the manual override. Odessa was
required to procure replacement energy from other sources in the real time market in
order to meet its day-ahead commitment. Complying with ERCOT’s instructions on
November 20 resulted in a loss to Odessa of $258,853.70.

During these three operating days, ERCOT never declared an Emergency
Condition. It never issued a VDI to Odessa. It did not make a determination that SCED
had failed to resolve the relevant constraints. Instead of issuing instructions to Odessa
through any of the delineated procedures in the Protocols, ERCOT forced Odessa to
reduce its output outside the recognized procedures in the Protocols. ERCOT records
show, and ERCOT has acknowledged, that maintaining voltage support from Odessa was
a factor in ERCOT’s resort to these manual override instructions. And Odessa complied
with those instructions to its financial detriment. Although ERCOT has not disputed that
Odessa was financially harmed during this occurrence and that Odessa acted in good faith
in following ERCOT’s instructions to Odessa’s detriment for the benefit of the larger
grid, ERCOT has taken the position that compensation is not available to Odessa under
the Protocols providing for compensation in connection with the provision of voltage
support services, emergency base point orders, VDIs, or otherwise.
VII. ARGUMENT

A. ERCOT is obligated to provide compensation to Odessa in real-time market settlement payments for the losses it incurred as a result of complying with ERCOT's manual override instructions.2

ERCOT's actions in denying real time market settlement payments following its manual overrides of Odessa's HDL was contrary to its Voltage Support Service Payment Protocol and/or its Emergency Operations Protocols. Moreover, pursuant to its VDI Protocols, ERCOT should have given Odessa a VDI, rather than a manual override, which also would have allowed Odessa to be compensated for its losses. Finally, if ERCOT has the broad implied authority on which it relies to justify its issuance of manual overrides to Odessa here, that authority must be accompanied by a corresponding implied provision for compensation to a market participant who complies with such dispatch orders, issued outside of the recognized nodal market mechanisms, so that the economic loss associated with protecting the grid as a whole is borne by those whose interests ERCOT sought to protect, i.e., the loss should be uplifted on a load share basis.

1. ERCOT's denial of Odessa's real time market settlement payments was contrary to ERCOT's Voltage Support Service Payment Protocol.

ERCOT's manual override of Odessa's HDL should have resulted in settlement compensation to Odessa for the loss it incurred as a result of being backed down below its SCED base points. ERCOT was concerned that SCED would have resolved the thermal constraints and local congestion in the region, but that reliance on SCED might have resulted in Odessa real power output fluctuating up and down, or even going offline.

2 Although Odessa believes that ERCOT's use of SCED would have averted any reliability concern, for purposes of this appeal only, Odessa is not disputing that ERCOT issued the manual overrides based on a good faith judgment to protect the reliability of the grid. Odessa recognizes ERCOT's paramount concern for reliability. Odessa's appeal focuses on ERCOT's denial in compensating Odessa for the losses incurred by Odessa in complying with these instructions and enabling protection of the larger grid against constraints that Odessa did not create.
based on expected bi-furcated pricing. Instead, ERCOT applied the manual overrides in order to address a factor not modeled in the ERCOT dispatch; i.e., voltage instability. ERCOT manually backed down real power output from Odessa in order to keep Odessa online, but only at reduced levels, as ERCOT wanted to use Odessa for voltage stability.

These overrides therefore should be seen as dispatch instructions that entitled Odessa to voltage support payments. When resources are moved out of merit to serve voltage stability, they are to be made whole for any lost opportunity costs. Under section 6.6.7.1(1) (b), real power reductions directed by ERCOT to provide for additional reactive capability for voltage support must be compensated. Specifically, section 6.6.7.1(1) (b) states: “Any real power reduction directed by ERCOT through VDIs to provide for additional reactive capability for voltage support must be compensated as a lost opportunity payment.” Although the protocol refers to reductions directed through VDIs, ERCOT’s unilateral failure to properly issue VDIs to Odessa, even when Odessa requested a VDI during real time on November 20, 2012, cannot shield ERCOT from liability to compensate Odessa. ERCOT directed Odessa to reduce its power; those directions were issued at least in part to provide for voltage support, and therefore Odessa must be compensated for its lost opportunity.

2. ERCOT’s denial of Odessa’s real time market settlement payments was contrary to ERCOT’s Emergency Operations Protocols.

Odessa is also entitled to real time market settlement payments under ERCOT’s Emergency Operations Protocols. Section 6.6.9(1) provides that additional compensation may be awarded for each Generation Resource to which ERCOT provides an Emergency Base Point. More directly, 6.6.9(4) provides for consideration of additional compensation whenever a QSE receives “Base Points that are inconsistent with Real-
Time Settlement Point Prices” or “a manual override from the ERCOT Operator.” That provision refers to the formula in section 6.6.9.1, which sets out a specific calculation for a resource that is required to increase its output above its SCED base point. Here, Odessa was required to reduce its output below its SCED base point, so the calculation has to be modified. The mandate for compensation is clear in 6.6.9(1) and 6.6.9(4). The absence of an express formula for calculating compensation for emergency power decreases and manual overrides may reflect the expectation that this type of extra-market directive (akin to OOME-down) would be eliminated in the nodal market, or very nearly so, to be avoided through the use of ERCOT’s market tools “to the fullest extent possible”. The absence of a specific formula is no basis for disregarding the mandate and the rationale for providing compensation.

3. ERCOT’s refusal to give Odessa verbal dispatch instructions, which prevented Odessa from being compensated, was contrary to ERCOT’s VDI Protocols.

As described above, ERCOT should have issued a VDI to Odessa pursuant to section 6.5.8 of the Protocols, rather than giving Odessa directives in a manner that is not specified in the Protocols. Not only did ERCOT fail to give Odessa a VDI of its own initiative, ERCOT refused to give one to Odessa upon Odessa’s request on November 20, 2012. Contrary to ERCOT’s position, there is no basis in the Protocols for ERCOT’s refusal to provide VDIs for manual HDL overrides due to voltage issues. If ERCOT had properly issued VDIs to Odessa, Odessa would have been compensated for its losses. Again, ERCOT’s unilateral action of refusing to issue a VDI cannot shield ERCOT from liability to compensate Odessa as if it had properly issued a VDI.
4. The broad implied authority on which ERCOT relies to justify its issuance of manual overrides to Odessa also supports compensation to Odessa.

During these three operating days, ERCOT never issued instructions to Odessa through any of the delineated procedures in the Protocols, nor did it declare an Emergency Condition pursuant to section 6.5.9.2 of the Protocols. Instead, Odessa understands ERCOT to maintain that it has broad implied authority to maintain reliability under part 6 of the Protocols, even through actions not affirmatively authorized there or elsewhere in the Protocols. If ERCOT is correct in its assertion of such broad implied authority, however, at least to the extent of supporting the manual override instructions here, then it carries a corresponding obligation to compensate market participants who suffer losses as a result of complying with non-market-based dispatch orders issued for the protection of the grid as a whole. Particularly where, as here, ERCOT is directing market participants’ actions in ways that are not specifically recognized in the Protocols, it is not surprising that there is no specific compensation method for participants spelled out in the Protocols. But that should not be a basis to deny relief to market participants who are harmed as a result of following such extraordinary ERCOT directives.

If ERCOT has such broad authority to step outside of SCED and the market-based mechanisms provided for in the Protocols, and to issue, in the interest of reliability, the type of override orders it applied here, then the remedial provisions of the Protocols should be read in the same spirit to authorize compensation for market participants who suffer losses as a result of following ERCOT’s instructions in good faith and for the greater good of all market participants and the grid. Odessa’s losses are significant to that entity, but would be small spread across the market as a whole. Those expenses
should be socialized to all load, which benefited from the reliability that Odessa supported, rather than borne by Odessa alone.

VIII. CONCLUSION

Odessa requests that the Commission order ERCOT to make settlement payments to Odessa in the amount of $321,412.40. Odessa further requests all other relief, legal and equitable, to which it is justly entitled.

Respectfully submitted,

Patrick R. Cowlishaw
State Bar No. 04932700
Stephanie C. Sparks
State Bar No. 24042900
JACKSON WALKER L.L.P.
901 Main Street, Suite 6000
Dallas, TX 75202
Telephone: 214.953.6000
Facsimile: 214.661-6614

ATTORNEYS FOR ODESSA-ECTOR POWER PARTNERS, L.P.

CERTIFICATE OF SERVICE

I hereby certify that on the 26\textsuperscript{th} of August, 2013, a true and correct copy of the above and foregoing document was delivered by first class mail, by courier receipted delivery, or by facsimile transmission to counsel for respondent ERCOT, MLCI, and the Office of Public Utility Counsel.

Patrick R. Cowlishaw
DOCKET NO. 

ODESSA-ECTOR POWER §
PARTNERS, L.P.'S APPEAL AND §
COMPLAINT OF ERCOT'S §
DENIAL OF SETTLEMENT §
DISPUTES §

PUBLIC UTILITY COMMISSION
OF TEXAS

AFFIDAVIT OF RYAN ALDRIDGE

STATE OF TEXAS §
COUNTY OF L ¨ §

Before me, the undersigned authority, on this day personally appeared Ryan Aldridge who, upon proving his identity to me and by me being duly sworn, deposes and says:

1. My name is Ryan Aldridge. I am the Director of Asset Optimization for Odessa-Ector Power Partners, L.P. ("Odessa"). I am of legal age, a resident of the State of Texas, and have never been convicted of a felony. Each of the statements in this affidavit is within my personal knowledge, and are true and correct. I submit this affidavit in support of Odessa's appeal and complaint of the Electric Reliability Council of Texas' ("ERCOT") denial of settlement disputes in this PUCT docket (hereinafter, the "Complaint").

2. I have reviewed the factual statements set forth in the Complaint. Those factual statements are within my personal knowledge and are true and correct.

3. Additionally, attached hereto as Exhibit A-I are true and correct copies of settlement disputes that Odessa filed with ERCOT regarding events on November 15, 16, and 20, 2012.

EXHIBIT A
4. Attached hereto as Exhibits A-2, A-3, and A-4, respectively, are true and correct copies of ERCOT's denials of those settlement disputes, numbered 1-1150737761, 1-1152712811, and 1-1150737791.

5. Attached hereto as Exhibit A-5 is a true and correct copy of Odessa's February 15, 2013 letter to ERCOT initiating Alternative Dispute Resolution procedures.

6. Attached hereto as Exhibit A-6 is a true and correct copy of a July 25, 2013, response letter from ERCOT.

Further affiant sayeth not.

[Signature]

Ryan Aldridge

SWORN TO AND SUBSCRIBED before me, Notary Public, this 29th day of August, 2013, to certify which witness my hand and seal of office.

GINNY L. MCGEE
Notary Public, State of Texas
My Commission Expires May 21, 2016

[Notary Public Seal]
Contact Phone Number: 214-701-2071
Contact E-Mail Address: raldridge@egpwr.com
Dispute Type: Settlement Disputes
Market: Real Time
Dispute SubType: Energy-RTM
Charge Type: RTEIAMT
Exp>Confi.
Operating Day / Invoice Date: 11/15/2012
MultiDay Duration:
Start Interval (HH/MIN): 1500 (interval ending 1515)
End Interval (HH/MIN): 2345 (interval ending 2400)
Dispute Amount $: 56,504.48
Short Description (Max 100 Characters): Inadequate Real Time Energy Imbalance Payment
Long Description (Max 2000 Characters): Due to transmission outages and voltage concerns, ERCOT Operators issued manual overrides of Odessa’s HDL’s in order to force the plant down to LSL. This resulted in Base Points that were lower than they should have been based upon Odessa’s Energy Offer Curve and RTSPP’s. Section 6.3 (3) (c) refers to Section 6.6.9 (Emergency Operations Settlement) when the Base Points are inconsistent with RTSPP’s. This Section address’s the situation when Base Points are higher than the SCED Base Point but does not address a situation when Base Points are lower than the SCED Base Point. We do not believe this was an omission in the Protocols but instead a situation that should not occur under the current market rules. Section 3.10 describes that the ERCOT market requires accurate transmission modeling to send accurate Base Points and pricing signals. Section 3.10.7.6 allows ERCOT to create Generic Transmission Limits (GTL) in order to control voltage within the market design.” The nodal market was specifically designed such that price signals would be sent and entities would react accordingly. Had ERCOT created a GTL instead of using a manual override, SCED would have sent a BP that followed Odessa’s Offer Curve and Odessa would have responded by generating at its base point. Odessa responded to ERCOT’s dispatch in good faith and believes ERCOT should have the tools necessary to safely manage the grid. However, ERCOT did not meet the requirement of 6.5.9.2 (2) to use all available tools, including GTL’s and the DA Market, to prevent dispatch off the generator’s offer curve. The use of the override by ERCOT, without first using solutions offered in the protocols, caused direct financial harm and thus Odessa should be made whole based on what the base points would have been had ERCOT used Odessa’s offer curve. The alternative relief would be to re-clear the market intervals with an appropriate transmission limit and no manual override.

EXHIBIT A-1
Contact Phone Number: 214-701-2071
Contact E-Mail Address: raldridge@eqpwr.com

Dispute Type: Settlement Disputes
Market: Real Time
Dispute SubType: Energy-RTM
Charge Type: RTEIAMT

Exp>Confi:

Operating Day / Invoice Date: 11/16/2012

MultiDay Duration:

Start Interval (HH/MIN): 0000 (interval ending 0015)
End Interval (HH/MIN): 2345 (interval ending 2400)

Dispute Amount $: 76,087.99

Short Description (Max 100 Characters): Inadequate Real Time Energy Imbalance Payment (HE 1-HE 24)

Long Description (Max 2000 Characters): Due to transmission outages and voltage concerns, ERCOT Operators issued manual overrides of Odessa's HDL's in order to force the plant down to LSL. This resulted in Base Points that were lower than they should have been based upon Odessa's Energy Offer Curve and RTSPP's. Section 6.3 (3) (c) refers to Section 6.6.9 (Emergency Operations Settlement) when the Base Points are inconsistent with RTSPP's. This Section address's the situation when Base Points are higher than the SCED Base Point but does not address a situation when Base Points are lower than the SCED Base Point. We do not believe this was an omission in the Protocols but instead a situation that should not occur under the current market rules. Section 3.10 describes that the ERCOT market requires accurate transmission modeling to send accurate Base Points and pricing signals. Section 3.10.7.6 allows ERCOT to create Generic Transmission Limits (GTL) in order to control voltage within the market design. The nodal market was specifically designed such that price signals would be sent and entities would react accordingly. Had ERCOT created a GTL instead of using a manual override, SCED would have sent a BP that followed Odessa's Offer Curve and Odessa would have responded by generating at its base point. Odessa responded to ERCOT's dispatch in good faith and believes ERCOT should have the tools necessary to safely manage the grid. However, ERCOT did not meet the requirement of 6.5.9.2 (2) to use all available tools, including GTL's and the DA Market, to prevent dispatch off the generator's offer curve. The use of the override by ERCOT, without first using solutions offered in the protocols, caused direct financial harm and thus Odessa should be made whole based on what the base points would have been had ERCOT used Odessa's offer curve. The alternative relief would be to re-clear the market intervals with an appropriate transmission limit and no manual override.
Short Description (Max 100 Characters): Inadequate Real Time Energy Imbalance Payment (HE 12-HE 19)

Long Description (Max 2000 Characters): Due to transmission outages and voltage concerns, ERCOT Operators issued manual overrides of Odessa’s HDL’s in order to force the plant down to LSI. This resulted in Base Points that were lower than they should have been based upon Odessa’s Energy Offer Curve and RTSPP’s. Section 6.3 (3) (c) refers to Section 6.6.9 (Emergency Operations Settlement) when the Base Points are inconsistent with RTSPP’s. This Section address’s the situation when Base Points are higher than the SCED Base Point but does not address a situation when Base Points are lower than the SCED Base Point. We do not believe this was an omission in the Protocols but instead a situation that should not occur under the current market rules. Section 3.10 describes that the ERCOT market requires accurate transmission modeling to send accurate Base Points and pricing signals. Section 3.10.7.6 allows ERCOT to create Generic Transmission Limits (GTL) in order to control voltage within the market design. The nodal market was specifically designed such that price signals would be sent and entities would react accordingly. Had ERCOT created a GTL instead of using a manual override, SCED would have sent a BP that followed Odessa’s Offer Curve and Odessa would have responded by generating at its base point. Odessa responded to ERCOT’s dispatch in good faith and believes ERCOT should have the tools necessary to safely manage the grid. However, ERCOT did not meet the requirement of 6.5.9.2 (2) to use all available tools, including GTL’s and the DA Market, to prevent dispatch off the generator’s offer curve. The use of the override by ERCOT, without first using solutions offered in the protocols, caused direct financial harm and thus Odessa should be made whole based on what the base points would have
been had ERCOT used Odessa's offer curve. The alternative relief would be to re-clear the market intervals with an appropriate transmission limit and no manual override.
Please note,

Resolution for your Settlement Dispute : 1-1150737761 has been changed to Denied.

Below are the Settlement Dispute details:

----------------------------------------
Market Participant Account : MERRILL LYNCH COMMODITIES INC (SQ2)  
Type : Settlement Disputes  
Sub-Type : Energy-RTM  
Dispute Amount : $56,504.48  
Subject : Inadequate Real Time Energy Imbalance Payment  
Description : Due to transmission outages and voltage concerns, ERCOT Operators issued manual overrides of Odessa's HDLzs in order to force the plant down to LSL. This resulted in Base Points that were lower than they should have been based upon Odessa's Energy Offer Curve and RTSPPzs. Section 6.3 (3) (c) refers to Section 6.6.9 (Emergency Operations Settlement) when the Base Points are inconsistent with RTSPPzs. This Section addresses the situation when Base Points are higher than the SCED Base Point but does not address a situation when Base Points are lower than the SCED Base Point. We do not believe this was an omission in the Protocols but instead a situation that should not occur under the current market rules. Section 3.10 describes that the ERCOT market requires accurate transmission modeling to send accurate Base Points and pricing signals. Section 3.10.7.6 allows ERCOT to create Generic Transmission Limits (GTL) in order to control voltage within the market design. The nodal market was specifically designed such that price signals would be sent and entities would react accordingly. Had ERCOT created a GTL instead of using a manual override, SCED would have sent a BP that followed Odessa's Offer Curve and Odessa would have responded by generating at its base point. Odessa responded to ERCOT's dispatch in good faith and believes ERCOT should have the tools necessary to safely manage the grid. However, ERCOT did not meet the requirement of 6.5.9.2 (2) to use all available tools, including GTLzs and the DA Market, to prevent dispatch off the generator's offer curve. The use of the override by ERCOT, without first using solutions offered in the protocols, caused direct financial harm and thus Odessa should be made whole based on what the base points would have been had ERCOT used Odessa's offer curve. The alternative relief would be to re-clear the market intervals with an appropriate transmission limit and no manual override.
Resolution Code : Denied  
Resolution Date : 1/3/2013 5:27:50 PM  
Resolution Amount : $  

Comments : DISPUTE IS DENIED [9.14 4.2.1]: ERCOT has determined the disputed charges and amounts for the specified Operating Day or Invoice Date are correct. The reason for denying dispute, along with any supporting documentation, appears below. Disagreement with resolution may be submitted through Alternative Dispute Resolution (ADR) as described in the Section 20 of ERCOT Protocols. If ADR process is not initiated within 45 days of the date of this notice, ERCOT will change status to CLOSED. If ADR process is timely initiated, dispute status will remain OPEN pending resolution of the ADR.

Explanation: ERCOT operated in accordance with ERCOT protocol, including section 6.5.2, Operating Standards, to maintain reliability in the area in which the Generation Resource was impacted. Due to transmission outages in the area ERCOT applied associated Transmission and Security Desk procedures accordingly. Generic Transmission Limits are not
applicable for addressing localized reliability issues as in this instance. RTEI AMT was settled in accordance with Nodal Protocols.

ERCOT invites you to provide feedback on the dispute resolution process by completing the survey at following web link

Resolution for your Settlement Dispute Number: 1-1152712811 has been changed to Denied.

Below are the Settlement Dispute details:

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Market Participant Account : MERRILL LYNCH COMMODITIES INC (SQ2)
Type : Settlement Disputes
Sub-Type : Energy-RTM
Dispute Amount : $76,087.99
Subject : Inadequate Real Time Energy Imbalance Payment (HE 1-HE 24)
Description : Due to transmission outages and voltage concerns, ERCOT Operators issued manual overrides of Odessa's HDLs in order to force the plant down to LSL. This resulted in Base Points that were lower than they should have been based upon Odessa's Energy Offer Curve and RTSPPzs. Section 6.3 (3) (c) refers to Section 6.6.9 (Emergency Operations Settlement) when the Base Points are inconsistent with RTSPPz. This Section addresses the situation when Base Points are higher than the SCED Base Point but does not address a situation when Base Points are lower than the SCED Base Point. We do not believe this was an omission in the Protocols but instead a situation that should not occur under the current market rules. Section 3.10 describes that the ERCOT market requires accurate transmission modeling to send accurate Base Points and pricing signals. Section 3.10.7.6 allows ERCOT to create Generic Transmission Limits (GTL) in order to control voltage within the market design. The nodal market was specifically designed such that price signals would be sent and entities would react accordingly. Had ERCOT created a GTL instead of using a manual override, SCED would have sent a BP that followed Odessa's Offer Curve and Odessa would have responded by generating at its base point. Odessa responded to ERCOT's dispatch in good faith and believes ERCOT should have the tools necessary to safely manage the grid. However, ERCOT did not meet the requirement of 6.5.9.2 (2) to use all available tools, including GTLs and the DA Market, to prevent dispatch off the generator's offer curve. The use of the override by ERCOT, without first using solutions offered in the protocols, caused direct financial harm and thus Odessa should be made whole based on what the base points would have been had ERCOT used Odessa's offer curve. The alternative relief would be to re-clear the market intervals with an appropriate transmission limit and no manual override.
Resolution Code : Denied
Resolution Date : 1/3/2013 5:31:24 PM
Resolution Amount : $0
Comments : DISPUTE IS DENIED [9.14.4.2.1]: ERCOT has determined the disputed charges and amounts for the specified Operating Day or Invoice Date are correct. The reason for denying dispute, along with any supporting documentation, appears below. Disagreement with resolution may be submitted through Alternative Dispute Resolution (ADR) as described in the Section 20 of ERCOT Protocols. If ADR process is not initiated within 45 days of the date of this notice, ERCOT will change status to CLOSED. If ADR process is timely initiated, dispute status will remain OPEN pending resolution of the ADR.

Explanation: ERCOT operated in accordance with ERCOT protocol, including section 6.5.2, Operating Standards, to maintain reliability in the area in which the Generation Resource was impacted. Due to transmission outages in the area ERCOT applied associated Transmission and Security Desk procedures accordingly. Generic Transmission Limits are not
applicable for addressing localized reliability issues as in this instance. RTEIAMT was settled in accordance with Nodal Protocols.

ERCOT invites you to provide feedback on the dispute resolution process by completing the survey at following web link

Resolution for your Settlement Dispute Number: 1-1150737791 has been changed to Denied.

Below are the Settlement Dispute details:

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Market Participant Account : MERRILL LYNCH COMMODITIES INC (SQ2)
Type : Settlement Disputes
Sub-Type : Energy-RTM
Dispute Amount : $306,072.72
Subject : Inadequate Real Time Energy Imbalance Payment (HE 12-HE 19)
Description : Due to transmission outages and voltage concerns, ERCOT Operators issued manual overrides of Odessa's HDLLs in order to force the plant down to LSL. This resulted in Base Points that were lower than they should have been based upon Odessa's Energy Offer Curve and RTSPPs. Section 6.3 (3) (c) refers to Section 6.6.9 (Emergency Operations Settlement) when the Base Points are inconsistent with RTSPPs. This Section addresses the situation when Base Points are higher than the SCED Base Point but does not address a situation when Base Points are lower than the SCED Base Point. We do not believe this was an omission in the Protocols but instead a situation that should not occur under the current market rules. Section 3.10 describes that the ERCOT market requires accurate transmission modeling to send accurate Base Points and pricing signals. Section 3.10.7.6 allows ERCOT to create Generic Transmission Limits (GTL) in order to control voltage within the market design. The nodal market was specifically designed such that price signals would be sent and entities would react accordingly. Had ERCOT created a GTL instead of using a manual override, SCED would have sent a BP that followed Odessa's Offer Curve and Odessa would have responded by generating at its base point. Odessa responded to ERCOT's dispatch in good faith and believes ERCOT should have the tools necessary to safely manage the grid. However, ERCOT did not meet the requirement of 6.5.9.2 (2) to use all available tools, including GTLLs and the DA Market, to prevent dispatch off the generator's offer curve. The use of the override by ERCOT, without first using solutions offered in the protocols, caused direct financial harm and thus Odessa should be made whole based on what the base points would have been had ERCOT used Odessa's offer curve. The alternative relief would be to re-clear the market intervals with an appropriate transmission limit and no manual override.

Resolution Code : Denied
Resolution Date : 1/7/2013 2:49:03 PM
Resolution Amount : $5

Comments : DISPUTE IS DENIED [9.14.4.2.1]: ERCOT has determined the disputed charges and amounts for the specified Operating Day or Invoice Date are correct. The reason for denying dispute, along with any supporting documentation, appears below. Disagreement with resolution may be submitted through Alternative Dispute Resolution (ADR) as described in the Section 20 of ERCOT Protocols. If ADR process is not initiated within 45 days of the date of this notice, ERCOT will change status to CLOSED. If ADR process is timely initiated, dispute status will remain OPEN pending resolution of the ADR.

Explanation. ERCOT operated in accordance with ERCOT protocol, including section 6.5.2, Operating Standards, to maintain reliability in the area in which the Generation Resource was impacted. Due to transmission outages in the area ERCOT applied associated Transmission and Security Desk procedures accordingly. Generic Transmission Limits are not
applicable for addressing localized reliability issues as in this instance. RTEIAMT was settled in accordance with Nodal Protocols.

ERCOT invites you to provide feedback on the dispute resolution process by completing the survey at following web link

February 15, 2013

Via E-mail and Hand Delivery

Mr. Bill Magness  
General Counsel  
Electric Reliability Council of Texas, Inc.  
7620 Metro Center Drive  
Austin, Texas 78744

Re: Dispute Resolution Related to Real Time Market Settlements following ERCOT Manual Overrides of Odessa High Dispatch Limit to Address Ongoing Local Transmission Outages on November 15, 16, and 20, 2012 (Settlement Dispute Nos. 1-1150737761, 1-1152712811, and 1-1150737791)

Dear Bill:

This letter is submitted to invoke dispute resolution under Section 20 of the ERCOT Nodal Protocols on behalf of Odessa-Ector Power Partners, L.P. ("Odessa"). This dispute concerns ERCOT's management of the day ahead and real time markets, and its associated settlement payments to Odessa, for the operating days November 15, 16, and 20, 2012. On each of those days ERCOT applied manual overrides of Odessa's High Dispatch Limit ("HDL"), restricting the output of this plant in response to voltage conditions associated with outages on area Oncor transmission facilities that had been occurring since at least November 13, 2012. On each day Odessa operated in compliance with all ERCOT instructions. As a result of complying with what amounted to emergency restrictions on its output, so that ERCOT could address local voltage conditions that were anticipated and that Odessa had no part in making, Odessa suffered real and significant losses.

Odessa submits that it is entitled to compensation for these losses for at least two reasons. First, while recognizing ERCOT's paramount requirement to maintain reliability, Odessa submits that ERCOT's use of these manual overrides was contrary to applicable protocols, when Generic Transmission Limits and other market-based tools were available to manage these circumstances. Alternatively, if it was appropriate in response to transmission issues caused by third parties to force Odessa energy output down below its energy offer curve in order to protect the grid and, in particular, to protect load against problems like voltage-related constraints which are not adequately modeled in ERCOT's system, Odessa is entitled to additional compensation under the emergency operations and voltage support provisions of the protocols. In either event, Odessa submits that it is entitled to a total payment of $438,665.19 with respect to these three days, as further detailed below, and it seeks agreement on how such situations may be avoided or more appropriately addressed in the future.
Disputing Entity and Dispute Contact

The “Disputing Entity” is Odessa, which owns and operates the subject 1000 MW natural gas-fired combined cycle generating facility. I will be the Dispute Contact for Odessa and provide the following contact information:

Pat Cowlishaw
Jackson Walker L.L.P.
901 Main Street, Suite 6000
Dallas, Texas 75202
214.953.6049
pcowlishaw@jw.com

Grounds For Relief and Basis of Claim

We look forward to reviewing the events and circumstances of these operating days with you in detail through the ADR process, and therefore provide only a brief summary here.

Facts

In early November 2012, planned outages on Oncor transmission facilities near Odessa were causing voltage issues in the area. On November 13 and 14, the day ahead market cleared Odessa for only about one-half of the plant’s 1000 MW capacity. This was consistent with prior experience during similar congestion instances since the nodal market design was implemented.

On November 15, things changed. Odessa’s Block 1 was cleared day ahead in a 1x1 configuration (approximately 250 MW) for HE 7 – HE 14, and 2x1 (500 MW) for HE 15 – HE 24. Then, ERCOT issued a RUC instruction during real time for Odessa’s Block 2 in a 1x1 configuration. At HE 15, ERCOT operators applied manual overrides of Odessa’s HDL. The result was to restrict Odessa’s total output to 490 MW, forcing both Blocks to low sustainable limits (LSL), effectively the same output that would have occurred if Odessa had been permitted to operate Block 1 according to its Commercial Operating Plan and Energy Offer Curves (EOC). Based on its EOC and the real time settlement point price at the Odessa node, the lost opportunity to deliver the energy that Odessa should have been permitted to deliver during HE 15 - HE 24 resulted in a loss of $56,504.48. The circumstances of November 16 followed the same pattern, and resulted in a loss of $76,087.99.

The most serious loss occurred on November 20. The problem began when ERCOT cleared both Odessa’s Block 1 and 2 in a 2x1 configuration for all hours and in a 2x1 configuration for Block 2 for HE 12 – HE 19 in the day ahead market. This meant that Odessa was cleared to run at roughly 750 MW during HE 12 – HE 19. Odessa was immediately concerned that starting an additional gas turbine would cause problems for ERCOT operators. Additionally, Odessa was concerned it again would be restricted by ERCOT operators in real time to 490 MW, given no change in the area voltage issues, leaving the plant short and unable to
meet its day ahead award obligation. Odessa and its QSE contacted Odessa’s client representative and sought a meeting with ERCOT SMEs to discuss these issues. By conference call, the client representative and representatives of ERCOT Settlements advised Odessa that it would be charged if it was unable to meet its day ahead obligation but would not comment on the likelihood that Odessa actually would be given an opportunity to meet that obligation, as opposed to being restricted by ERCOT operators. (We believe that ERCOT recognized, or should have recognized, that Odessa would not be permitted to exceed 490-500 MW in real time and that the day ahead award was incorrect.)

Odessa followed its day ahead award and started up the additional turbine to satisfy the 2x1 configuration. As soon as it did so, ERCOT operators responded by issuing a manual override of Odessa’s HDL and forcing all online units to their LSL, or a total of 490 MW. Odessa contacted ERCOT and requested a Verbal Dispatch Instruction (VDI) for the manual override; the ERCOT Transmission Desk responded that ERCOT does not provide VDIs for manual HDL overrides due to voltage issues. Prices at the Odessa node that day reached $1500. Odessa had been online, ready, willing, and able to meet the day ahead award as evidenced by its COP and EOC but was prevented from doing so as a result of ERCOT’s issuance of the manual override. Complying with ERCOT’s instructions on November 20 resulted in a loss to Odessa of $306,072.72.

Protocol Violations

These manual overrides should not have been applied to address local congestion and voltage issues arising from known outages, because other nodal market tools could have averted any reliability concern. Section 6.5.9.1(2) requires that ERCOT utilize the Day Ahead, Adjustment Period, and Real Time processes “to the fullest extent practicable” before ordering Resources to specific output levels with Emergency Base Point instructions. That protocol goes on to codify the expectation that “with effective and timely communication, the market-based tools available to ERCOT will avert most threats to the reliability of the ERCOT System.” There was nothing extraordinary or unexpected about the voltage issues affecting the Odessa area last November as these transmission outages last for over a week; given those circumstances and the level of related communications, this was a reliability concern that should have been averted through other means.

In particular, section 3.10.7.6 provides for ERCOT to use Generic Transmission Limits to model transmission flow constraints between ERCOT grid areas for systems that are unable to recognize voltage limits on electrical buses. “for use in reliability and market analysis.” ERCOT’s responsibility for accurate modeling that delivers accurate base points and pricing signals includes the use of GTLs. See 3.10(2). Use of GTLs here would have resulted in day ahead awards that more accurately reflected the Odessa area congestion and prevented dispatch at base points below Odessa’s offer curve, and the resulting economic harm to Odessa. Use of GTLs here also would have resulted in real time dispatch that more accurately reflected the Odessa area congestion and in base points that would have honored Odessa’s offer curve such that Odessa would not have been financially harmed. Contrary to the statement that
accompanied ERCOT’s denial of these settlement disputes, GTLs are applicable to address local reliability issues. One example from an ERCOT white paper during nodal market development will illustrate the point:

Day Ahead Voltage Optimization
The weekly operating plan is a starting point for the Day Ahead Market operation. The CRR auctions and DAM clearing process use the DC network model focusing on financial aspects. Active energy and ancillary service trades are primary features of the DAM clearing engine. The only mechanism allowed for in the ERCOT Nodal Protocols for modeling stability and voltage constraints are the inclusion of generic constraints. It is the intention of ERCOT to develop generic constraints derived from stability and voltage studies to be considered by the MMS DAM clearing process.

ERCOT, Reactive Power and Voltage Control, Version 0.09, at 7 (May 15, 2007).

Alternatively, ERCOT’s manual override of Odessa’s HDL should have resulted in additional settlement compensation, for the loss Odessa incurred as a result of being backed down below its day ahead awards and SCED base points. Section 6.6.9(1) provides that additional compensation may be awarded for each Generation Resource to which ERCOT provides an Emergency Base Point. More directly, 6.6.9(4) provides for consideration of additional compensation whenever a QSE receives “Base Points that are inconsistent with Real-Time Settlement Point Prices” or “a manual override from the ERCOT Operator.” That provision refers to the formula in section 6.6.9.1, which sets out a specific calculation for a resource that is required to increase its output above its SCED base point. Here Odessa was required to reduce its output below its SCED base point, so the calculation has to be modified, but the same principles apply. (The absence of an express formula for calculating compensation for emergency power decreases and manual overrides otherwise reflects the expectation that this type of extra-market directive would be eliminated in the nodal market, or very nearly so, to be avoided through the use of ERCOT’s market tools, including GTLs, “to the fullest extent possible,” as discussed above).

Compensation is appropriate under the protocols for a separate reason. Based on the information available to Odessa, ERCOT applied these manual overrides in order to obtain protection from constraints not modeled in the ERCOT dispatch; e.g. voltage. That is, ERCOT manually backed down real power output from Odessa in order to resolve the local voltage issue. These overrides therefore also should be seen as dispatch instructions that entitled Odessa to voltage support payments as the voltage support payments were created to solve the same problem; when resources are moved out of merit they should be made whole. Under section 6.6.7.1(1)(b), real power reductions directed by ERCOT to provide for additional reactive capability for voltage support “must be compensated as a lost opportunity payment.” (The protocol refers to reductions directed through VDIs; in connection with the instructions on
November 20, Odessa requested a VDI during real time, but did not receive one). The preferable treatment is to have ERCOT use Protocol provided GTLs to solve voltage problems as that is why they were created. Having omitted to use the available market tools, ERCOT should compensate for lost opportunity.

Relief Requested

Odessa seeks total compensation of $438,665.19. That amount is the product of the MWHs that would have been generated (had ERCOT not issued manual overrides of our HDL), based on Odessa's offer curve for each day, over and above the actual level Odessa was permitted to generate at under the overrides, multiplied by the RTSPP at the Odessa node.

Odessa also seeks agreement on use of GTLs or some other suitable mechanism to avoid recurrence of these manual overrides.

Parties and Senior Dispute Representative

To Odessa's knowledge, the only parties to this dispute are Odessa and ERCOT. Ryan Aldridge, Director of Asset Optimization for Odessa, will serve as its Senior Dispute Representative. Odessa's QSE, Merrill Lynch Commodities, Inc., is aware of this matter and is being provided a copy of this request.

Settlement Dispute Details

For each subject Operating Day, below is the information called for under section 20.2.1(1) of the ADR protocols:

November 15, 2012
Settlement Dispute 1-1150737761
Dispute Amount: $56,504.48

November 16, 2012
Settlement Dispute 1-1152712811
Dispute Amount: $76,087.99

November 20, 2012
Settlement Dispute 1-1150737791
Dispute Amount: $306,072.72

Conclusion

We look forward to working with ERCOT to resolve this dispute. I know you will appreciate that this is a matter of importance to Odessa, not only because of the substantial losses involved looking backwards but also because of the implications looking forward. We are confident that the importance of these issues will be recognized by ERCOT, and the PUC, as well. If these same operational practices can be expected in similar future circumstances, the
result is a significant incentive to limit offers into the day ahead or real time markets when such conditions arise. The nodal market was expected to resolve local congestion through accurate price signals, not manual departures such as occurred here. Odessa looks forward to resolving this dispute in a fashion that provides both appropriate compensation for the past and more accurate price signals in the future. Please let me know if you have any questions.

Very truly yours,

Pat Cowlishaw
Attorney and Authorized Representative for Odessa-Ector Power Partners, L.P.

cc: Ryan Aldridge
    Brandon Whittle
    Shelly Abramson
July 25, 2013

Patrick R. Cowlishaw
Jackson Walker
901 Main Street, Suite 6000
Dallas, Texas 75202
PCowlishaw@jw.com

RE:  ADR No. 2013-OEP-01

Dear Mr. Cowlishaw:

Thank you for taking the time to clarify Odessa-Ector Power Partners, LP's position in your email of July 9, 2013. I have discussed the concerns you raised with the relevant ERCOT staff, including our senior dispute representative, ERCOT Vice President of Commercial Operations Brad Jones. While we appreciate the further explanation you have provided, we do not believe the circumstances presented by this dispute justify the resettlement your client has requested.

Section 20.3(4) of the ERCOT Protocols provides that if ERCOT and the disputing party have not agreed to mediate or arbitrate the dispute within 45 days of the initial senior dispute resolution meeting, the ADR Procedure is deemed to be complete. As the initial senior dispute representative meeting in this case was held on June 7, 2013, the time for reaching any agreement expired on July 22, 2013. ERCOT therefore considers this ADR request to have been denied by operation of law on that date. As all proceedings are now complete, Odessa may seek relief at the Public Utility Commission within 35 days of the denial of the ADR—i.e., by August 26, 2013—as provided by P.U.C. Procedural Rule 22.251(d).

Please do not hesitate to contact me if you have any questions about this determination.

Sincerely,

Nathan Bigbee
Senior Corporate Counsel
(512) 225-7093
(512) 225-7079 (fax)
nbigbee@ercot.com

cc (via email only).
Michael Carson (michael.carson@baml.com), Merrill Lynch Commodities, Inc.
Sheklon L. Abramson (shelly.abramson@bankofamerica.com), Merrill Lynch Commodities, Inc.