



NOTICE DATE: May 20, 2005

NOTICE TYPE: Protocol Clarification/Interpretation

SHORT DESCRIPTION: Protocol Clarification/Interpretation concerning the bid cap for RPRS bids

INTENDED AUDIENCE: ERCOT Market

DAY AFFECTED: N/A

LONG DESCRIPTION:

A Market Participant has requested ERCOT to provide a Protocol Clarification/Interpretation as to whether Replacement Reserve Service (RPRS) bids “shall not exceed one thousand \$1,000 dollars per MW”, as with all Ancillary Service bids according to Sections 4.4.11 and 6.5.6 (9) of the ERCOT Protocols.

ERCOT agrees that there is an offer cap on Replacement Reserve Service. The PUCT issued Interim Orders No. 13, 14 and 19, and a Final Order in Docket No. 24770 that required ERCOT to adopt Protocols to lift the sunset date for bid caps of \$1,000 per MWh for energy and implement a bid cap of \$1,000 per MW for each hour of capacity for payments to QSEs representing both Load and Resources for the daily Ancillary Services it procures for Regulation Up, Regulation Down, Responsive Reserve, Non-Spinning, and Replacement Reserve Services. Protocol Revision Request (PRR) 414 was approved to meet the requirements of the PUCT Orders. Effective July 1, 2003, PRR414 added the following sentence to Section 4.4.11, Ancillary Services Bid Submittal:

“All Ancillary Service bids shall not exceed \$1,000 per MW for all Resources.”

ERCOT believes that this complies with the Commission requirement in the Order in Docket No. 24770.

CONTACT: If you have any questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Relations phone number at (512) 248-3900 or contact ERCOT Client Relations via e-mail at ClientRelations@ercot.com.