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PROJECT NO. 40268

PUC RULEMAKING TO AMEND §
PUC SUBST. RULE §25.505, §
RELATING TO RESOURCE §
ADEQUACY IN THE ELECTRIC §
RELIABILITY COUNCIL OF TEXAS §
(ERCOT) POWER REGION §

PUBLIC UTILITY COMMISSION

OF TEXAS

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COMMENTS OF TENASKA, INC. ON RESOURCE ADEQUACY

Tenaska, Inc. ("Tenaska") appreciates the opportunity to comment on Resource Adequacy in ERCOT. Tenaska currently owns and/or operates approximately 3GW of generation in ERCOT and has been one of the largest developers of generation in ERCOT since 2000.

Based on the pace of actual deployment of new generation, as well as the findings of the recently filed Brattle report, Tenaska believes it likely that additional actions beyond the currently contemplated increases in energy market price mechanisms will be required to achieve the levels of reliability contemplated by the current ERCOT target generation reserve margins.

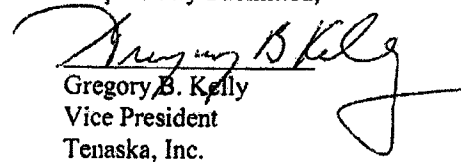
Tenaska understands that an additional project, including workshops, has been initiated to further investigate the potential mechanisms that might be utilized to incent the development of resources necessary to achieve this reliability, as well as to additionally evaluate what level of reliability is appropriate. Tenaska is interested in continuing the development of new resources in ERCOT, and we would therefore be very interested in participating in these further proceedings and workshops.

As it pertains to the matters in Project 40268, Tenaska asks that the Commission refrain from adopting any changes in scarcity pricing mechanisms (e.g. increasing the SWOC) before full consideration of the Brattle Report's recommendations. It is important that a thoughtful and comprehensive solution be found to ERCOT's challenging resource adequacy problem. Any changes to PUC SUBST RULE §25.505, therefore, should be made in concert with the potentially broader changes proposed as "straw-men" by the Brattle Report. Tenaska is prepared to work with utmost urgency in this regard.

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We believe Project 40480 can be facilitated on a timeline that ensures all contemplated changes, including those from Project 40268 and the recently initiated Project 40480, provide an optimal level of reliability for ERCOT, while simultaneously providing market participants the greatest regulatory certainty available.

Respectfully Submitted,


Gregory B. Kelly
Vice President
Tenaska, Inc.