



Control Number: 40000



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PROJECT NO. 40000

COMMISSION PROCEEDING
TO ENSURE RESOURCE ADEQUACY
IN TEXAS

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BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

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PUBLIC UTILITY COMMISSION
FILING CLERK

**COMMENTS OF CPS ENERGY ON ORDC AND ITS ASSOCIATED NODAL
PROTOCOL REVISION REQUEST**

CPS Energy¹ offers comments on the Nodal Protocol Revision Request (NPRR) 568 "Real-Time Reserve Price Adder Based on Operating Reserve Demand Curve". CPS Energy files these comments not to advocate a position, but to give the Commission the opportunity to weigh in on a policy decision likely to have stakeholders very divided. At issue is how the NPRR should handle Emergency Response Service (ERS) load. Specifically, should ERS load be included in the calculation of the amount of reserves on the system.

In order to determine the level of the adder, ERCOT must determine the amount of reserves on the system. Currently, NPRR 568 does not include ERS in the reserve calculation. The ORDC curve represents an inverse, or negative, relationship between a pricing outcome and reserves - as reserves increase, the probability of loss of load decreases and with it the targeted price and amount of the adder. If the NPRR were to include ERS, in every instance that the adder is calculated, the target price level² (and likely the adder) will be lower because there will be more reserves on the system relative to not including ERS. For example, if the level of ERS was 500 MW, including ERS in the ORDC calculation would require

¹ CPS Energy™ is the registered trademark of the City Public Service of San Antonio, acting by and through the City Public Service Board.

² ERCOT defines this as the Real-Time Reserve Price for On-Line Reserves and it has an adder to guarantee Settlement Point Prices reach the needed price called Real-Time On-Line Reserve Price Adder per interval.

the NPRR to move 500 MW to the right of the ORDC curve to calculate the target price. Therefore, including ERS will lower the cost of the ORDC to load, however it also lowers the revenues to resources and may not meet the Commission's resource adequacy goals.

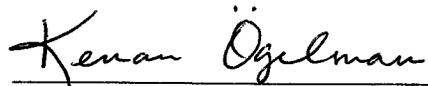
In addition to the resource adequacy considerations, the other consideration relative to ERS regards its fit within the reserves. When designing an ideal ORDC, a designer would target all reserves that impact the probability of loss of load to be accounted in the calculation. The Commission may have a perspective on how ERS functions within the reserves on the ERCOT system.

CPS Energy appreciates the opportunity to present this topic for Commission consideration and looks forward to any guidance the Commission believes is necessary to facilitate NPRR 568 moving through the stakeholder process.

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Respectfully submitted,

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