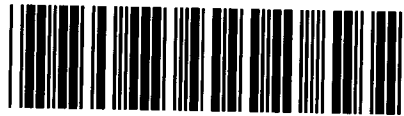


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PROJECT NO. 40000

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COMMISSION PROCEEDING TO
ENSURE RESOURCE ADEQUACY IN
TEXAS

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PUBLIC UTILITY COMMISSION
OF TEXAS

**ERCOT BACK CAST ANALYSIS REGARDING PROPOSAL IN
GDF SUEZ ENERGY NORTH AMERICA, INC. COMMENTS**

On October 18, 2013, GDF Suez Energy North America, Inc. (GDF Suez) filed comments in this project relating to the Commission's adoption of an Operating Reserve Demand Curve (ORDC). The Commission is scheduled to discuss this issue at the Open Meeting scheduled for November 15, 2013, and has requested comments from interested parties on the issue by November 4, 2013.

At its October 25, 2013 Open Meeting, the Commissioners requested that ERCOT prepare a back cast analysis, similar to the analyses filed previously regarding the ORDC proposal,¹ including scenarios increasing the Value of Lost Load (VOLL) variable to \$18,000 and \$25,000 with final prices not allowed to exceed \$9,000. The Commissioners asked that ERCOT provide the back cast analysis before the November 4 comment deadline, so it could be evaluated by parties commenting on the GDF Suez proposal.

In response to request from the Commission, ERCOT prepared the analysis filed with this pleading as Attachment A, entitled "Back Cast Analysis of Impact of VOLL at \$18,000 and \$25,000."

¹ See, e.g., Project No. 40000, *ERCOT Responses To Commission's Request for Analyses of Additional ORDC B+ Scenarios* (July 23, 2013) (Interchange Item No. 437).

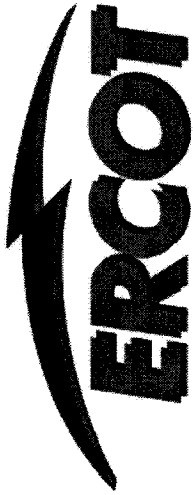
Respectfully submitted,

By: Bill Magness

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ATTORNEY FOR ELECTRIC RELIABILITY
COUNCIL OF TEXAS, INC.



Back Cast Analysis of Impact of VOLL at \$18,000 and \$25,000

October 28, 2013

Background

The Commission asked to estimate the additional PNM and energy weighted price adder that the ORDC B+ proposal could achieve for Value of Lost Load (VOLL) at \$18k and \$25k using a continuous ORDC, the System-Wide Offer Cap (SWCAP) at \$9K, Minimum Contingency Level (X) at 2,000 MW, and final prices capped at SWCAP :

- Case 1: VOLL = \$9k
- Case 2: VOLL = \$18k
- Case 3: VOLL = \$25k

Additional PNM and Energy Weighted Price Adder

Scenario	Year	Estimated Additional PNM (\$/MW)	Energy Weighted Average Price Adder P_S (\$/MW-h)	Energy Weighted Average Offline Reserve Price P_NS (\$/MW-h)
Case 1: X=2000, SWCAP = \$9k, VOLL = \$9k Final prices capped at \$9k	2011	157,333	28.43	15.02
	2012	27,173	3.78	1.71
Case 2: X=2000, SWCAP = \$9k, VOLL = \$18k Final prices capped at \$9k	2011	288,132	51.82	27.62
	2012	56,039	7.79	3.54
Case 3: X=2000, SWCAP = \$9k, VOLL = \$25k Final prices capped at \$9k	2011	378,764	67.94	36.38
	2012	78,509	10.91	4.96