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PROJECT NO. 40000

COMMISSION PROCEEDING
TO ENSURE RESOURCE
ADEQUACY IN TEXAS

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**SUPPLEMENTAL COMMENTS OF THE TEXAS DEMAND RESPONSE COALITION
CONCERNING THE DEVELOPMENT OF THE ORDC**

At the Open Meeting on October 25, 2013, the Commission discussed the issue of how to treat Emergency Response Service (ERS) in the Operating Reserves Demand Curve (ORDC), and the Commissioners agreed that ERS should not be included in the ORDC. Although this decision provided a degree of clarity to help guide the stakeholder process, additional clarity would be helpful as the ORDC continues to be refined through development of NPRR 568. In particular, it was not clear from the discussion how the Commission intends deployed ERS to be treated for calculation of the ORDC curve.

Some market participants have expressed concern that ERS deployments could result in price reversal; this issue has been raised a number of times during ERCOT stakeholder discussions. In our comments previously filed in this Project, we stated that the deployment of ERS resources should not reduce the level of the price adders. We continue to urge the Commission to clarify this issue and agree with Luminant's comments filed today recommending that the reserve calculation be adjusted when ERS is deployed. Specifically, the ORDC reserve calculation should subtract out the amount of ERS deployment that is instructed by ERCOT, allowing the quantity of available reserves to represent pre-ERS deployment reserves.

We appreciate the Commission's continued guidance on these important policy details and look forward to continuing to work with the other stakeholders to develop an ORDC that assists

price formation during scarcity conditions without creating undesirable, unintended consequences.

Respectfully submitted,



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