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PUBLIC UTILITY COMMISSION  
FILING CLERK

April 13, 2012

Chairman Donna L. Nelson  
Commissioner Kenneth W. Anderson, Jr.  
Commissioner Rolando Pablos  
Public Utility Commission of Texas  
1701 N. Congress Ave.  
Austin, Texas 78701

Re: Project No. <sup>40000</sup>~~37897~~, *PUC Proceeding Relating to Resource and Reserve Adequacy and Shortage Pricing*

Chairman Nelson and Commissioners:

As discussed at the Commission's April 12, 2012 Open Meeting, ERCOT is providing the Commission with revisions to the 2011 back cast scenarios included in ERCOT's Resource Adequacy Status Report filed at the Commission on April 11, 2012. This revised analysis is filed as Attachment A to this letter.

ERCOT's revisions include: (a) "February Excluded" column (fifth column) added to both Slides 2 and 3; (b) correction to Slide 1 adding bullet 4; and (c) correction to Slide 3, the fourth row of the fourth column – changed from 145K to 125K.

ERCOT staff is available to discuss the revisions to this analysis.

Sincerely,

Bill Magness  
ERCOT General Counsel

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Attachment A

**RESOURCE ADEQUACY STATUS REPORT  
REVISED BACK CAST SCENARIOS**

**APRIL 13, 2012**

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## BACK CASTING SCENARIOS FOR 2011 & COLUMN HEADING DESCRIPTIONS

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- **2011 Peaker Net Margin (PNM)**
  - Actual & adjusted PNM for 2011 based on various offer cap & recent protocol changes.
  
- **2011 PNM excluding February**
  - A calculation of PNM that excludes the month of February 2011.
  
- **2011 PNM adjusted for Normal Weather**
  - A calculation of PNM assuming that load does not exceed a forecast based on “normal” weather (of 66,195 MW).
  
- **2011 PNM adjusted for Normal Weather excluding February**
  - A calculation of PNM assuming that load does not exceed a forecast based on “normal” weather (of 66,195 MW) and excludes the month of February 2011.
  
- **2011 Load Weighted Price**
  - A calculation of the 2011 Load Weighted Price for the various scenarios. This calculation is based on the data in the 2011 PNM column.

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# 2011 BACK CASTING SCENARIOS

Scenario	2011 PNM (\$/MW)	2011 PNM excluding February (\$/MW)	2011 PNM adjusted for Normal Weather (\$/MW)	2011 PNM adjusted for Normal Weather excluding February (\$/MW)	2011 Load Weighted Price (\$/MWh)
<b>2011 Actual PNM Data</b>	125K	104K	78K	57K	53.26
<b>2011 Data Adjusted for Recent Protocol Changes</b>	150K	120K	99K	69K	57.24
<ul style="list-style-type: none"> <li>• Online Non-Spin @ \$120/MWh</li> <li>• Offline Non-Spin @ \$180/MWh</li> <li>• Moving 500 MW of Non-Spin to RRS</li> <li>• Reg-Up and RRS @ \$ 3000/MWh</li> <li>• ONRUC and RMR @ \$3000/MWh</li> <li>• Current Power Balance Penalty Curve</li> </ul>					
<b>Changes Included Above – Plus:</b>	156K	125K	104K	73K	58.11
<ul style="list-style-type: none"> <li>• Power Balance Penalty Curve – stepped to \$4500/MWh</li> </ul>					
<b>Changes Included Above – Plus:</b>	195K	155K	125K	85K	65.08
<ul style="list-style-type: none"> <li>• Reg-Up and RRS @ \$ 4500/MWh</li> <li>• ONRUC and RMR @ \$4500/MWh</li> </ul>					
<b>Changes Included Above – Plus</b>	208K	163K	135K	90K	67.31
<ul style="list-style-type: none"> <li>• Proxy extension @ \$4500/MWh</li> </ul>					

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# 2011 BACK CASTING SCENARIOS (CONT'D)

Scenario	2011 PNM (\$/MW)	2011 PNM excluding February (\$/MW)	2011 PNM adjusted for Normal Weather (\$/MW)	2011 PNM adjusted for Normal Weather excluding February (\$/MW)	2011 Load Weighted Price (\$/MWh)
<b>2011 Data Adjusted for Recent Protocol Changes – Plus:</b> <ul style="list-style-type: none"> <li>• Power Balance Penalty Curve – stepped to \$7500/MWh</li> <li>• Reg-Up and RRS @ \$ 7500/MWh</li> <li>• ONRUC and RMR @ \$7500/MWh</li> </ul>	272K	214K	168K	110K	79.04
<b>Changes Included Above – Plus:</b> <ul style="list-style-type: none"> <li>• Proxy extension @ \$7500/MWh</li> </ul>	312K	240K	198K	126K	85.74
<b>Recent Protocol Changes – Plus:</b> <ul style="list-style-type: none"> <li>• Power Balance Penalty Curve – stepped to \$9000/MWh</li> <li>• Reg-Up and RRS @ \$ 9000/MWh</li> <li>• ONRUC and RMR @ \$9000/MWh</li> </ul>	311K	244K	190K	123K	86.01
<b>Changes Included Above – Plus:</b> <ul style="list-style-type: none"> <li>• Proxy extension @ \$9000/MWh</li> </ul>	364K	279K	229K	144K	94.95

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