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DOCKET NO. 24770

PUBLIC UTILITY COMMISSION
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REPORT OF THE ELECTRIC	§	PUBLIC UTILITY COMMISSION
RELIABILITY COUNCIL OF	§	OF TEXAS
TEXAS (ERCOT) TO THE PUCT	§	
REGARDING IMPLEMENTATION	§	
OF THE ERCOT PROTOCOLS	§	

**RESPONSE OF RRI TO COMMISSION STAFF'S RESPONSE TO
ORDER NO. 17 CONCERNING PROCEDURAL SCHEDULE**

**Contact: Jonathan L. Heller
(713) 207-5045**

December 18, 2002

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**RESPONSE OF RRI TO COMMISSION STAFF'S RESPONSE TO
ORDER NO. 17 CONCERNING PROCEDURAL SCHEDULE**

On December 16, 2002, the Commission Staff filed a Response to Order No. 17 in the above-captioned docket. Staff proposes a schedule to implement the Competitive Solution Method (CSM) In response to Staff's filing RRI submits the following:

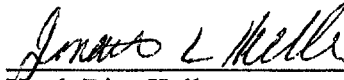
Order No. 17 asked that parties develop a procedural schedule so that the Commission can evaluate the CSM. See Order No. 17 at pg. 1. As was presented in the response to Order No. 17 filed by Austin Energy on December 13, 2002, CSM has not been approved. More information concerning its benefits, problems, costs, etc. must be considered before the Commission decides the best approach for pricing ancillary capacity services. Yet, Staff's proposed schedule is founded on the mistaken premise that the Commission has in fact approved CSM. Indeed, Staff requests that the schedule be approved "with respect to application of the Competitive Solution Method to the daily ancillary capacity services, which was addressed in Staff's report..."

If the proposed schedule were to contemplate that all parties have a right to present their recommendations for pricing ancillary capacity services in a manner similar to the schedule for CSM before a proposal is made to the Commission, RRI would have no objection. But it appears as if the proposed schedule is an attempt to foreclose other approaches from being heard before a recommendation is made to the Commission, as Staff has misconstrued the Commission's Order. A decision has not been made on the appropriate method for pricing capacity ancillary services, a substantive issue that in fact remains contested in this Docket, therefore RRI must object to the proposed schedule out

of an abundance of caution to assure that it preserves its right to a hearing on issues that remain in dispute in this proceeding.

Based on the foregoing, RRI respectfully submits that Staff's proposed schedule should be rejected. RRI would be pleased to continue to address remaining issues in this Docket and assist in devising a schedule to resolve them. Hopefully pricing for ancillary capacity services can be resolved through continued negotiations and settlement just as the TCR issue was resolved. But, RRI will not waive its right to have substantive issues that remain unresolved in this contested case addressed at a hearing if they cannot be resolved through further negotiations.

Respectfully submitted,



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ATTORNEYS FOR RELIANT
RESOURCES, INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served on all parties of record in this proceeding by hand delivery, courier, overnight delivery, certified mail (return receipt requested), registered mail, facsimile, or United States first class mail on this 18th day of December, 2002.

H. Dennis Case