Control Number: 24770

Item Number: 187

Addendum StartPage: 0

DOCKET NO. 24770

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

RESPONSE OF THE TXU MERCHANT ENERGY COMPANIES TO MOD'S PROPOSED APPLICATION OF A MODIFIED COMPETITIVE SOLUTION METHOD TO THE ERCOT BALANCING ENERGY MARKET

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

NOW COMES TXU Portfolio Management Company LP[1] and TXU Energy Retail Company LP, (collectively referred to as the "TXU Merchant Energy Companies") and file this their response to the Market Oversight Division's ("MOD's") March 18, 2003, Proposal to Apply a Modified Competitive Solution Method to the ERCOT Balancing Energy Market (referred to herein as "MOD's Proposal").

Although they recognize the importance of the issues surrounding the cold weather price spikes experienced in February, the TXU Merchant Energy Companies urge the Commission not to rule on the merits of MOD's Proposal at its March 21, 2003 Open Meeting. Voting on a new proposal less than three days after it was filed will not give parties to Docket No. 24770 fair and appropriate due process, including an opportunity to fully analyze, consider, and comment on MOD's Proposal. Without such due process, the Commission will not have the benefit of a full vetting of the positive and negative impacts of such a Proposal on the ERCOT market. Failing to provide any opportunity for analysis of the impacts of such a proposal on the ERCOT market would be unreasonable and inappropriate decision making.

[1] TXU Energy Trading Company LP changed its name to TXU Portfolio Management Company LP on January 10, 2003.

187

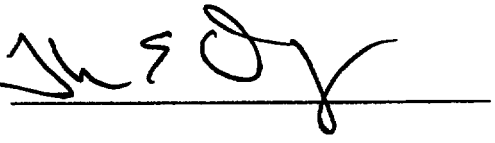
However, a better alternative to the submission of comments on MOD's Proposal in this Docket would be for the Commission to sever MOD's Proposal from this Docket and move this issue to a Commission rulemaking. A Commission rulemaking would allow the Commission and all interested parties to speak more freely on this issue and would shorten the procedural process that would otherwise be required to consider this issue under a contested case docket.

CONCLUSION AND PRAYER

WHEREFORE, PREMISES CONSIDERED, the TXU Merchant Energy Companies pray that the Commission not rule on the merits of MOD's Proposal until parties have had an opportunity to fully analyze, consider, and comment on that Proposal. The TXU Merchant Energy Companies pray that the Commission sever MOD's Proposal from Docket No. 24770 and move it to a Commission rulemaking.

Respectfully submitted,

HUNTON & WILLIAMS

By: 

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CERTIFICATE OF SERVICE

It is hereby certified that a copy of the foregoing has either been hand delivered or mailed by first class United States mail, postage prepaid, to the Office of Regulatory Affairs and to all other parties of record in this Docket, all on this the 19th day of March, 2003