



Control Number: 24770



Item Number: 192

Addendum StartPage: 0

PUC DOCKET NO. 24770

REPORT OF THE ELECTRIC
RELIABILITY COUNCIL OF TEXAS
(ERCOT) TO THE PUCT
REGARDING IMPLEMENTATION
OF THE ERCOT PROTOCOLS

§ PUBLIC UTILITY COMMISSION
§ OF TEXAS
§
§
§

RECEIVED
2003 APR -3 AM 9:31
PUBLIC UTILITY COMMISSION
FILING CLERK

COMMENTS OF SOUTH TEXAS ELECTRIC COOPERATIVE, INC.
PURSUANT TO ORDER NO. 18

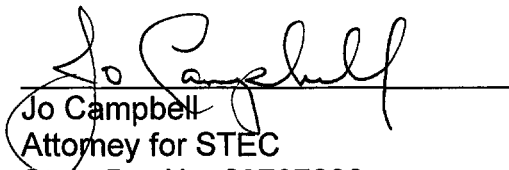
COMES NOW South Texas Electric Cooperative, Inc. (STEC) and files its comments in support of the Staff recommendations filed March 17 and 18, 2003 in the above-referenced docket. STEC believes the implementation of both recommendations are necessary to ensure that the public continues to find the competitive market desirable. Unfortunately, there will always be a few market participants that will game the system to maximize their profits regardless of the affect of their actions on the public interest if such protections are not in place. The Commission can surely understand STEC's dismay when an article appeared in a national cooperative newsletter this past month stating that manipulation was occurring in the ERCOT competitive market similar to the manipulation that occurred in California. This was particularly unfortunate since it occurred at a time when STEC and two of its member distribution cooperatives are undergoing testing so that the two distribution cooperatives can enter the competitive market.

Certainly, the price spikes experienced during the cold weather during the last week of February in both balancing energy and ancillary services demonstrates the necessity of keeping bid caps of \$1,000 in place for those services. STEC also believes that Staff's recommendation to implement a

modified form of the Competitive Solution Method now is appropriate in light of the hockey-stick bidding that occurred to drive the prices of balancing energy to an unreasonable level.

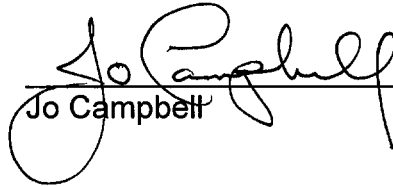
STEC would urge the Commission to approve both of Staff's recommendations and require that they be implemented quickly. It is STEC's understanding that the implementation of the Modified Competitive Solution Method would not require ERCOT to make any changes to its system. The methodology may not be needed in the near future, but its implementation now will send a strong signal to electric consumers that manipulation of the market will not occur within ERCOT. STEC also agrees with Staff's recommendation to explore further mitigation measures in Project No. 26373, Rulemaking in Wholesale Market Design Issues in the Electric Reliability Council of Texas.

Respectfully submitted,


Jo Campbell
Attorney for STEC
State Bar No. 03707800
PO Box 154415
Waco, Texas 76715
(254) 799-2978
(254) 799-2217 (facsimile)
E-mail: jocampbell@stec.org

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties of record by facsimile and/or first class mail on this 3rd day of April 2003.


Jo Campbell