



Control Number: 25937



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PUC PROJECT NO. 25937

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PUC INVESTIGATION INTO
POSSIBLE MANIPULATION
OF THE ERCOT MARKET

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BEFORE THE PUBLIC UTILITY

COMMISSION OF TEXAS

FILING CLERK

**LOWER COLORADO RIVER AUTHORITY'S RESPONSES TO
STAFF'S REQUESTS FOR ADMISSIONS**

Part I. Requests for Admissions and Production of Documents

Requests for Admissions

A.1. Admit or Deny: You engaged in ERCOT in any or all of the strategies outlined in the Enron memorandua, or variants thereof, for any time beginning on or after July 31, 2001.

Response: Deny.

B.1a. Admit or Deny: You engaged in activity in ERCOT described in the Enron memoranda as "Load Shift" for any time beginning on or after July 31, 2001. This variant of "relieving congestion" involved submitting artificial schedules in order to receive inter-zonal balancing energy payments. The appearance of congestion was created by deliberately over-scheduling load in one zone and under-scheduling load in another, connecting zone; and artificially shifting load from a congested zone to a less congested zone, thereby earning payments for reducing congestion.

Response: Deny.

B.2a. Admit or Deny: You scheduled or operated your resources or loads for the purpose of creating congestion in order to get paid by ERCOT for relieving that congestion or to receive transmission congestion right (TCR) revenues.

Response: Deny.

C.1. Admit or Deny: You engaged in ERCOT in activity described in the Enron memoranda as "Fat Boy" for any time beginning on or after July 31, 2001, in which you artificially increased load on the schedule you submitted to ERCOT with a corresponding amount of generation and then you dispatched the generation you scheduled, which was in excess of your actual load. This activity resulted in balancing energy payments to you for the excess generation.

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Response: Deny.

D.1a. Admit or Deny: You engaged in "Wash," "Round Trip," "Bragawatt," or "Sell/Buyback" trading in ERCOT, whether scheduled through the ISO or not, for any time beginning on or after July 31, 2001. Such trading involves the sale of an electricity product to another entity together with a contemporaneous purchase of the same product at the same price.

Response: Deny.

D.1b. Admit or Deny: You engaged in activity in ERCOT designed to artificially increase your trading revenue or the price of electricity products traded in ERCOT.

Response: Deny.

Requests for Production of Documents

N/A

Part II. Certification of Ethical Conduct

The Lower Colorado River Authority agrees to conduct its affairs in ERCOT consistent with recognized standards of ethics and in a manner that adheres to both the letter and the spirit of the ERCOT Protocols and Operating Guides, as well as any other ERCOT rules and any agreements it has with ERCOT, and agrees that it will not:

- A. engage in any activity described in Part I of the memorandum issued by the Market Oversight Division on June 12, 2002 in Project No. 25937;
- B. schedule or operate its resources or loads for the purpose of creating congestion;
- C. engage in economic withholding;
- D. engage in physical withholding;

and agrees that it will:

- E. comply with all ERCOT rules, even when the ERCOT rules or LCRA's agreements with ERCOT do not specify a penalty for non-compliance;
- F. aid in identifying and closing loopholes in the ERCOT Protocols rather than exploiting them for short-term gain;
- G. provide accurate resource information to ERCOT and update its resource plans.

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AFFIDAVIT

STATE OF TEXAS §
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BEFORE ME, the undersigned authority, on this day personally appeared the undersigned, who, after being duly sworn, stated on his oath that he is entitled to make this Affidavit, and that the statements contained below and in the foregoing are true and correct.

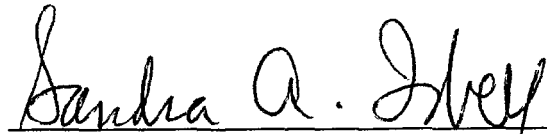
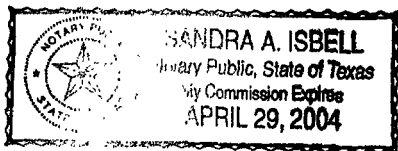
"I, Dudley, C. Piland, Jr., on behalf of the Lower Colorado River Authority (LCRA), certify that LCRA commits to the precepts laid out in the Market Oversight Division's Memorandum of June 12, 2002, to the extent that they are applicable to the activities engaged in by LCRA in ERCOT, and that it has sufficient management controls in place to ensure compliance with these precepts. I further swear or affirm that all statements made in this filing are true, correct and complete."



Dudley C. Piland, Jr., P.E.
Executive Manager, Wholesale Power Services
Lower Colorado River Authority



SWORN TO AND SUBSCRIBED BEFORE ME this the 2nd day of July 2002.



Notary Public in and for the State of Texas

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