



Control Number: 25937



Item Number: 85

Addendum StartPage: 0

PROJECT NO. 25937

PUC INVESTIGATION INTO § PUBLIC UTILITY COMMISSION  
POSSIBLE MANIPULATION §  
OF THE ERCOT MARKET § OF TEXAS

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**RESPONSE OF ALCOA POWER MARKETING INC.**

COMES NOW Alcoa Power Marketing Inc. ("APMI") and hereby responds to the questionnaire from Mr. Parviz Adib, Division Director, Market Oversight Division, Public Utility Commission of Texas ("PUC"), dated June 12, 2002, in the above-referenced Project No. 25937 of the PUC, as follows:

**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 memoranda, or variants thereof, for any time beginning on or after July 31, 2001.

*Response:* Denied.

2. If you so admit, provide complete details of all transactions you engaged in as part of any such activities, including the dates for all purchases and sales of energy and/or ancillary services, counter-parties to the transactions, prices and volumes, delivery points, and corresponding ERCOT schedules. Also, provide all documents that refer or relate to any such activities.

*Response:* Not applicable.

- 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:* Denied.

- 1b. If you so admit, provide complete details as to all transactions you engaged in as part of any such activities. Also, provide all documents that refer or relate to any such activities.

*Response:* Not applicable.

- 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:* Denied.

- 2b. If you so admit, provide complete details as to all transactions that you engaged in as part of this activity, including the dates of all transactions, all schedules of load and resources by zone, load or resource imbalance payments received, and TCR payments received. Also, provide all documents that refer or relate to this activity.

*Response:* Not applicable.

- 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.

*Response:* Denied.

2. If you so admit, provide complete details of all transactions that you engaged in as part of this activity, including the dates of all of the transactions, corresponding schedules, and payments from ERCOT for balancing energy (including both price and volumes). Also, provide all documents that refer or relate to this activity.

*Response:* Not applicable.

- 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:* Denied.

- 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:* Denied.

- 2a. If you admit to engaging in the activity described in either D1a. or D1b., explain whether any such transactions were reported to Platts or any other entity that

monitors, publishes, or reports trading data (including bid-and-ask data) or publishes or reports prices or forward indices.

*Response:* Not applicable.

- 2b. If you admit to engaging in the activity described in either D1a. or D1b., provide complete details of all transactions that you engaged in as part of such activities, including the dates of all transactions, the amount and price at which the power was sold, and the identities of your counterparties. Also, provide all documents that refer or relate to these activities.

*Response:* Not applicable.

*Requests for Production of Documents*

Produce all of the following documents that are within your possession or control. For purposes of this request, you may omit any documents that have been publicly filed with the Commission in any existing docket or project as well as any documents that have been disseminated or discussed at any ERCOT Board, committee, subcommittee, working group, or task force meeting:

- A. Documents addressing in any manner opportunities for manipulation of any market pertaining to electricity in ERCOT.

*Response:* There are no documents that are responsive to this request.

- B. Documents addressing in any manner the strategy of overscheduling loads or resources in ERCOT.

*Response:* There are no documents that are responsive to this request.

- C. Documents addressing in any manner benefits received as a result of intentional or negligent overscheduling in ERCOT.

*Response:* There are no documents that are responsive to this request.

- D. Documents addressing in any manner benefits received by you resulting from activities described in D. 1a. and 1b. of the above Requests for Admissions.

*Response:* Not applicable; there are no documents that are responsive to this request.

**AFFIDAVIT**

STATE OF TENNESSEE           §  
COUNTY OF KNOX           §


BEFORE ME, the undersigned authority, on this day personally appeared Randall M. Overbey, personally known to me, and who, being by me first duly sworn, upon oath, deposed and stated as follows:

“My name is Randall M. Overbey. I am over eighteen (18) years of age, I am of sound mind, and I am fully competent to make this Affidavit. I have personal knowledge of every statement made herein and all statements made in this Affidavit are true and correct. I am currently President of Alcoa Power Marketing Inc. The statements made in the foregoing response to the questionnaire from Mr. Parviz Adib in PUC Project No. 25937 were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information, and belief.”

FURTHER AFFIANT SAYETH NOT.

  
Randall M. Overbey

SUBSCRIBED AND SWORN TO BEFORE ME on this 1st day of July, 2002, to certify which witness my hand and seal of office.

  
Notary Public in and for  
Said County and State

My Commission Expires:

10/1/05