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FILE NO: 88742.010001

October 6, 2004

By Hand

Filing Clerk
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

Re: PUCT Project No. 26268 - TXU Generation Company LP's Notice of the November 2004 Capacity Auction Pursuant to Substantive Rule 25.381(h)(2)(B) - Revised Appendix 2

Dear Filing Clerk:

Pursuant to P.U.C. Substantive Rule 25.381(h)(2)(B), on September 10, 2004, TXU Generation Company LP ("TXU Power") filed with the Commission its 60-day notice of the November 2004 Capacity Auction. In Appendix 2 to that notice, TXU Power described the number and price of entitlements to be offered in TXU Power's November 2004 Capacity Auction.

As a result of TXU Power's September 2004 Capacity Auction, which ended on September 23, 2004, the number of entitlements that will be offered in TXU Power's November 2004 Capacity Auction has changed. Entitlements to January through April 2005 capacity that went unsold in the September 2004 Capacity Auction have been added to the November 2004 Capacity Auction as discreet month products. for the months of January through April 2005. These changes are reflected in the revised Appendix 2 attached hereto.

In addition, in attempt to ensure the successful sale of entitlements that have historically not been highly demanded in the capacity auction and to therefore meet the "safe harbor" for the 15% capacity auction obligation provided for in P.U.C. Substantive Rule 25.381(h)(7)(C), TXU Power has chosen to offer in the November 2004 Capacity Auction certain entitlements for certain months at opening bid prices that are significantly below TXU Power's costs for producing those entitlements. TXU Power will offer gas-intermediate entitlements for the months of March and April for an opening bid price of \$0.00, and will offer gas-cyclic

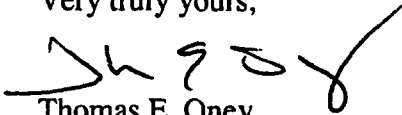
HUNTON WILLIAMS

Filing Clerk
October 5, 2004
Page 2

entitlements for the months of March and April for an opening bid price of \$0.00. These revised opening bid prices are reflected in the Revised Appendix 2 attached hereto

If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'T. E. Oney', with a large, stylized flourish at the end.

Thomas E. Oney
Attorney for TXU Generation Company LP

TEO:to
Attachments

REVISED APPENDIX 2 DESCRIPTION OF THE ENTITLEMENTS IN THE TXU GENERATION CAPACITY AUCTION

Table 1
MONTHLY ENTITLEMENTS--Jan 2005

CONGESTION ZONE--North 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	10	\$7.33	\$8.93	Comanche Peak
Gas-Intermediate	20	\$0.83	See Schedule CA	Comanche Peak
Gas-Cyclic	15	\$0.55	See Schedule CA	Comanche Peak
Gas-Peaking	1	\$0.06	See Schedule CA	Comanche Peak
CONGESTION ZONE--South 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	0	\$2.35	\$12.10	Sandow
CONGESTION ZONE--West 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Gas-Intermediate	10	\$1.12	See Schedule CA	Morgan Creek
Gas-Cyclic	3	\$0.64	See Schedule CA	Morgan Creek
Gas-Peaking	1	\$0.03	See Schedule CA	Morgan Creek
CONGESTION ZONE--Northeast 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	4	\$6.07	12.99	Monticello
Gas-Intermediate	3	\$0.69	See Schedule CA	Monticello
Gas-Cyclic	4	\$0.46	See Schedule CA	Monticello

**REVISED APPENDIX 2
DESCRIPTION OF THE ENTITLEMENTS IN THE TXU GENERATION CAPACITY AUCTION**

**Table 2
MONTHLY ENTITLEMENTS--Feb 2005**

CONGESTION ZONE--North 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	10	\$6.75	\$8.93	Comanche Peak
Gas-Intermediate	20	\$0.53	See Schedule CA	Comanche Peak
Gas-Cyclic	15	\$0.45	See Schedule CA	Comanche Peak
Gas-Peaking	1	\$0.05	See Schedule CA	Comanche Peak
CONGESTION ZONE--South 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	0	\$1.81	\$12.10	Sandow
CONGESTION ZONE--West 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Gas-Intermediate	10	\$0.88	See Schedule CA	Morgan Creek
Gas-Cyclic	3	\$0.47	See Schedule CA	Morgan Creek
Gas-Peaking	1	\$0.03	See Schedule CA	Morgan Creek
CONGESTION ZONE--Northeast 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	4	\$5.58	12.99	Monticello
Gas-Intermediate	3	\$0.44	See Schedule CA	Monticello
Gas-Cyclic	4	\$0.37	See Schedule CA	Monticello

**REVISED APPENDIX 2
DESCRIPTION OF THE ENTITLEMENTS IN THE TXU GENERATION CAPACITY AUCTION**

**Table 3
MONTHLY ENTITLEMENTS--Mar 2005
CONGESTION ZONE--North 2005**

<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	10	\$6.47	\$8.93	Comanche Peak
Gas-Intermediate	17	\$0.00	See Schedule CA	Comanche Peak
Gas-Cyclic	15	\$0.00	See Schedule CA	Comanche Peak
Gas-Peaking	1	\$0.17	See Schedule CA	Comanche Peak

CONGESTION ZONE--South 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	0	\$2.27	\$12.10	Sandow

CONGESTION ZONE--West 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Gas-Intermediate	10	\$0.00	See Schedule CA	Morgan Creek
Gas-Cyclic	3	\$0.00	See Schedule CA	Morgan Creek
Gas-Peaking	2	\$0.31	See Schedule CA	Morgan Creek

CONGESTION ZONE--Northeast 2005				
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	3	\$5.30	12.99	Monticello
Gas-Intermediate	3	\$0.00	See Schedule CA	Monticello
Gas-Cyclic	4	\$0.00	See Schedule CA	Monticello

REVISED APPENDIX 2 DESCRIPTION OF THE ENTITLEMENTS IN THE TXU GENERATION CAPACITY AUCTION

Table 4

MONTHLY ENTITLEMENTS--Apr 2005

CONGESTION ZONE--North 2005

<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	10	\$5.55	\$8.93	Comanche Peak
Gas-Intermediate	17	\$0.00	See Schedule CA	Comanche Peak
Gas-Cyclic	15	\$0.00	See Schedule CA	Comanche Peak
Gas-Peaking	1	\$0.20	See Schedule CA	Comanche Peak

CONGESTION ZONE--South 2005

<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	0	\$2.01	\$12.10	Sadow

CONGESTION ZONE--West 2005

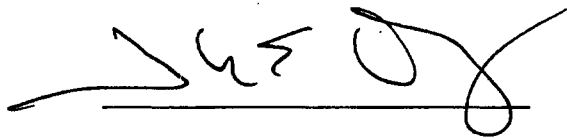
<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Gas-Intermediate	10	\$0.00	See Schedule CA	Morgan Creek
Gas-Cyclic	3	\$0.00	See Schedule CA	Morgan Creek
Gas-Peaking	1	\$0.25	See Schedule CA	Morgan Creek

CONGESTION ZONE--Northeast 2005

<u>PRODUCT</u>	<u>NUMBER OF ENTITLEMENTS (25MW BLOCKS)</u>	<u>OPENING BID PRICE \$/KW-MONTH</u>	<u>FUEL COST (\$/MWH)</u>	<u>DELIVERY POINT</u>
Baseload	3	\$4.46	12.99	Monticello
Gas-Intermediate	3	\$0.00	See Schedule CA	Monticello
Gas-Cyclic	4	\$0.00	See Schedule CA	Monticello

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was mailed by United States mail, postage prepaid, or delivered via Facsimile, Federal Express, or hand delivery on the 10th day of September, 2004, to the parties of record in PUCT Docket No. 23774, *Proceeding to Implement the Capacity Auction Rule*; PUCT Docket No. 24888, *Proceeding to Address March 2002 and July 2002 Capacity Auctions*; PUCT Project No. 24492, *Rulemaking Proceeding to Revise Substantive Rule § 25.381, Capacity Auctions*, PUCT Docket No. 25880, *Proceeding to Implement Switching Procedures for ERCOT Capacity Auctions* and PUCT Project No. 27826, *Rulemaking to Require Another Set of Two-Year Strips Under the Capacity Auction Rule, 25.381, Capacity Auctions*.

A handwritten signature in black ink, appearing to be 'J. H. O.', is written over a horizontal line.