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Addendum StartPage: 0

PROJECT NO. 26268

FILINGS PURSUANT TO
P.U.C. SUBST. R. § 25.381(h)(2)(B)(i)
CAPACITY AUCTIONS

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§
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BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

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**TXU GENERATION COMPANY LP'S NOTICE OF THE MARCH 2003
CAPACITY AUCTION PURSUANT TO SUBSTANTIVE RULE 25.381(h)(2)(B)**

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FILE NO. 84105 000900

January 9, 2003

By Hand

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

Re: TXU Generation Company LP's Notice of the March 2003 Capacity Auction
Pursuant to Substantive Rule 25.381(h)(2)(B)

Dear Filing Clerk:

Substantive Rule 25.381(h)(2)(B) requires affiliated power generation companies offering capacity auction entitlements in the March 2003 Capacity Auction to file a notice of the pending auction with the Commission by January 9, 2003. Pursuant to Substantive Rule 25.381, the notice must include information such as the types, quantity, and terms of entitlements available in the auction.

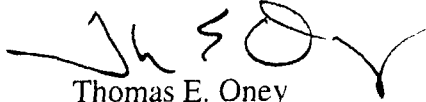
TXU Generation Company LP ("TXU Generation Company") will offer capacity auction entitlements in the March 2003 Capacity Auction. In compliance with Substantive Rule 25.381(h)(2)(B), TXU Generation Company offers the attached Executive Summary and Exhibit A as its 60 day notice for the March 2003 Capacity Auction.

**HUNTON
WILLIAMS**

Filing Clerk
January 9, 2002
Page 2

Please direct any questions regarding this notice of the March 2003 Capacity Auction to Gary Miller of TXU at (214) 875-9048 or to the undersigned.

Very truly yours,

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

Thomas E. Oney
Attorney for TXU Generation Company LP

TEO:to
Attachments

**TXU GENERATION COMPANY LP'S 60 DAY NOTICE OF
THE MARCH 2003 CAPACITY AUCTION
PURSUANT TO SUBSTANTIVE RULE 25.381(h)(2)(B)**

EXECUTIVE SUMMARY

Pursuant to P.U.C. SUBST. R. 25.381(h)(2)(B) and the *Second Revised ERCOT Capacity Auction Switching Procedures* document, as approved by the Commission in Docket No. 25880, affiliated power generation companies (as defined by the rule) offering capacity entitlements in the March 2003 capacity auction must file notice of the March 2003 auction with the Commission by no later than January 9, 2003. In compliance with P.U.C. SUBST. R. 25.381(h)(2)(B) and the *Second Revised ERCOT Capacity Auction Switching Procedures* in preparation for the beginning of the March 2003 capacity auction on March 10, 2003, TXU Generation Company LP ("TXU Generation"), an affiliated PGC unbundled from TXU US Holdings Company (f/k/a/ TXU Electric Company) on January 1, 2002, offers this Executive Summary and Exhibit A attached hereto as its 60 day notice filing for the March 2003 capacity auction.

I. Exhibit A – Description of TXU Generation Company LP's March 2003 Capacity Auction

Exhibit A hereto provides a general description of the capacity auction process and the nature of products that will be available in TXU Generation's March 2003 capacity auction. Exhibit A also provides step-by-step instructions on how a potential bidder can participate in TXU Generation's March 2003 capacity auction. The instructions and descriptions in Exhibit A are consistent with the *Second Revised ERCOT Capacity Auction Switching Procedures* document as approved by the Commission in Docket No. 25880.

Under P.U.C. SUBST. R. 25.381(h)(2)(B)(ii), an affiliated power generation company's 60 day notice must include the auction start date, the time by which bids must be received for the

first round of the auction, and the range of bid increments for each product type to be used to adjust the prices of the entitlements between rounds of the auction. Exhibit A hereto provide that information for the March 2003 capacity auction.

A. Appendix 1 – Description of the Generating Units assigned to the TXU Generation Auction

P.U.C. SUBST. R. 25.381(h)(2)(B)(ii) requires affiliated power generation companies to include in their 60 day notices: the types of entitlements available in the auction; congestion zones for entitlements available in the auction; and the specific power generation units that will be used to support each entitlement available in the auction. Exhibit A, Appendix 1 hereto provides that information for the TXU Generation March 2003 capacity auction. Appendix 1 hereto also provides the amount of capacity (in MW) associated with each of TXU Generation's power generating units used to support the entitlements.

B. Appendix 2 – Description of the Entitlements in the TXU Generation Auction

P.U.C. SUBST. R. 25.381(h)(2)(B)(ii) requires affiliated power generation companies to include in their 60 day notices the terms and quantity of entitlements available in the auction. Exhibit A, Appendix 2 hereto, lists the terms and quantity of the TXU Generation entitlements available in the TXU Generation March 2003 capacity auction, further categorized by product type and congestion zone.

P.U.C. SUBST. R. 25.381(h)(2)(B)(ii) requires an affiliated power generation company to include in its notice the fuel costs charged if baseload entitlements are being auctioned. Exhibit A, Appendix 2 hereto, present the fuel costs for the baseload entitlements being offered in the TXU Generation March 2003 capacity auction.

P.U.C. SUBST. R. 25.381(h)(7)(C) provides affiliated power generation companies may make available in their 60 day notices the opening bid price for each type of entitlement

available in the auction as calculated pursuant to the Commission-approved methodology for determining opening bid prices. Exhibit A, Appendix 2 hereto, provides TXU Generation's opening bid prices for the entitlements available in the March 2003 capacity auction.

P.U.C. SUBST. R. 25.381(e)(5) provides that affiliated power generation companies shall specify in their 60 day notices the point on the transmission system where energy from each entitlement is delivered to the buyer. Exhibit A, Appendix 2 hereto, lists this information for each entitlement offered by TXU Generation in the March 2003 capacity auction.

P.U.C. SUBST. R. 25.381(e)(1) provides that the available entitlements for the months of March, April, May, October, and November may be reduced in proportion to the average planned outage rate of the generating units associated with each type of entitlement. TXU Electric Company filed the planned outage histories for TXU Generation in its filing in P.U.C. Project No. 21405 on March 5, 2001. TXU Generation has made the adjustments allowed by P.U.C. SUBST. R. 25.381(e)(1) in Exhibit A, Appendix 2, in accordance with the Rule and its planned outage histories.

II. Reservation of Rights

TXU Generation reserves the right to revise this filing, as necessary, to comply with the any final orders issued by the Commission that address issues relating to the March 2003 capacity auction. TXU Generation also reserves the right to revise its 60 day notice, as necessary, prior to the March 2003 capacity auction to clarify or correct any and all errors or omissions that it may contain.

EXHIBIT A



TXU

**Description of TXU Generation Company LP's
March 2003 Capacity Auction**

<http://www.txucorp.com/CapacityAuction>

January 9, 2003

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I. OVERVIEW

This document (“Auction Description”) describes the March 2003 capacity auction being conducted by TXU Generation Company LP, a power generating company.

II. PURPOSE OF CAPACITY AUCTION

The purpose of the capacity auction, as mandated by Senate Bill 7 and Public Utility Commission of Texas (“PUCT”) Substantive Rule 25.381, is to promote competitiveness in the wholesale market through increased availability of generation and increased liquidity by requiring each power generating company (“PGC”) affiliated with an electric utility with at least 400 megawatts of Texas-jurisdictional installed generation capacity to sell at auction entitlements to at least 15% of that capacity.

III. DESCRIPTION OF TXU GENERATION COMPANY LP

TXU Generation Company LP (“TXU Generation”) is a PGC that was unbundled from TXU Electric Company and that is a subsidiary of TXU Corp. The capacity auction includes the required number of entitlements from the following PGCs affiliated with TXU US Holdings Company (f/k/a TXU Electric Company): TXU Generation Company LP, TXU Big Brown Company LP, TXU Tradinghouse Company LP, and TXU DeCordova Company LP.

IV. CAPACITY AUCTION PRODUCTS

The entitlements that TXU Generation will be auctioning are of four specific product types: Baseload, Gas–Intermediate, Gas–Cyclic, and Gas–Peaking. All of the products can be used to provide Ancillary Services, while the Gas–Intermediate, Gas–Cyclic, and Gas–Peaking products offer flexible start and stop options coupled with known heat rates and specified daily and monthly gas indices. Although these products have different characteristics, they have one thing in common: they are each far superior to a unit-specific product. Here are just some of the reasons why:

- These entitlements are at least 98% firm; they can be interrupted only if **all** of the generating units that make up that product type suffer forced outages at the same time, and even then outages are limited to 2% of the hours in a month.
- These entitlements are system-power products, *i.e.*, they are supported by the entire TXU generating portfolio in ERCOT (described in Appendix 1 below) across the ERCOT Commercially Significant Constraint Zones (“CSC Zones” or “Congestion Zones”) (*e.g.*, North 2003, South 2003, West 2003, and Houston 2003).
- These entitlements are standardized; all capacity auction entitlements of a particular product type in this Capacity Auction have exactly the same size, term, and other characteristics, no matter what company is the seller, making the entitlements much more liquid and easily tradeable than unit-specific products.
- These entitlements give the buyer the ability to self-provide, and to bid, Ancillary Services into the ERCOT Ancillary Services market.

V. SUMMARY OF IMPORTANT DATES

- February 7, 2003: Last day to submit documents required to bid and be assured of ability to participate (Sec. VII.A.2 below)
- March 3, 2003: Target date to return signed Capacity Auction Master Agreement (Sec. VII.A.6 below)
- March 6, 2003: Last day to return signed Capacity Auction Master Agreement (Sec. VII.A.6 below)
- March 10, 2003: Auction begins

VI. CONFIDENTIALITY OF BIDDING INFORMATION AND PROHIBITION OF COLLUSION

- A. From and after January 9, 2003, until the end of March 31, 2003, all applicants are prohibited from cooperating, collaborating, discussing or disclosing in any manner the substance of their bids or bidding strategies in the TXU Generation Capacity Auction (other than with or to applicant's employees, lenders, counsel, accountants, or advisors who have a need to know such information and have agreed to keep such information confidential), or discussing or negotiating settlement agreements with other applicants, unless those applicants are members of a bidding consortium or other joint bidding arrangement identified in a written notice to TXU Generation at the address specified in Section VII.B below that is received on or before March 3, 2002.
- B. TXU Generation shall keep all of the bids that applicant submits in the TXU Generation Capacity Auction confidential and shall not disclose them to a third party (other than TXU Generation's employees, lenders, counsel, accountants, or advisors who have a need to know such information and have agreed to keep such bidding information confidential) except to comply with any applicable law, regulation, or exchange rule. This obligation expires on March 31, 2005.

VII. INSTRUCTIONS ON HOW TO PARTICIPATE IN AUCTION

A. Application and Approval

- 1. Applicant must access the TXU Generation Capacity Auction Information Web Site (<http://www.txucorp.com/CapacityAuction>) to download the necessary forms to obtain approval to participate in the TXU Generation Capacity Auction.
- 2. By no later than February 7, 2003, applicant must submit the following documents (that may be downloaded from the TXU Generation Capacity Auction Information Web Site), properly completed and signed (except where indicated otherwise), to the address set out in Section VII.B below, to be assured that its application will be reviewed before the auction starts:

- a. TXU Generation Credit Application;
 - b. Any credit instruments upon which the applicant is relying.
 - (i) The credit instrument forms on the TXU Generation Capacity Auction Information Web Site are provided as acceptable forms, but TXU Generation is willing to consider other credit instrument forms;
 - (ii) If an applicant proposes to use a surety bond to satisfy its credit requirements, then TXU Generation and the applicant will negotiate in good faith to agree on a form for the surety bond that is reasonably acceptable to an issuer of surety bonds; and
 - c. An unsigned copy of the first page of the Cover Sheet of the version of the EEI/NEMA Master Power Purchase & Sale Agreement (“Master Agreement”), which may be downloaded from the TXU Generation Capacity Auction Information Web Site, with the applicant’s notice information filled in the appropriate blanks for Party B.
3. Credit approval for applicants will be performed using one of the following methods. Documents are to be provided both electronically in Microsoft Word format and by executed paper copy.
- a. Applicant holds an investment-grade credit rating (at least BBB- or Baa3 from Standard and Poor’s or Moody’s, respectively, or an equivalent). TXU Generation will use the credit standards set out in the PUCT Substantive Rule 25.381 for determining the applicant’s credit limits based upon its investment-grade credit ratings.
 - b. Applicant provides an escrowed deposit equal to the bid amount plus the amount that would be paid to exercise the entitlement for the duration of the entitlement at the assumed dispatch determined under PUCT Substantive Rule 25.381. TXU Generation does not have a suggested form for an escrow agreement.
 - c. Applicant provides a letter of credit or surety bond, irrevocable for the duration of the entitlement, equal to the bid amount plus the amount that would be paid to exercise the entitlement for the duration of the entitlement at the assumed dispatch determined under PUCT Substantive Rule 25.381. See the TXU Generation Capacity Auction Information Web Site to download copies of acceptable forms of a letter of credit and of a surety bond.
 - d. Applicant provides a guaranty from another entity with an investment grade credit rating (BBB- or Baa3 from Standard and Poor’s or Moody’s, respectively, or an equivalent). TXU Generation will use the standards in PUCT Substantive Rule 25.381 for determining the other entity’s credit

limits based upon its investment-grade credit ratings. See the TXU Generation Capacity Auction Information Web Site to download a copy of an acceptable guaranty agreement.

- e. If the applicant is a municipality or electric cooperative that is not publicly rated, then the applicant's credit amount will be the amount determined by the standards in PUCT Substantive Rule 25.381.
 - f. If the applicant is a privately-held entity that is not publicly rated, then the applicant's credit amount will be the amount determined by the standards in PUCT Substantive Rule 25.381.
 - g. Applicant makes other suitable arrangements with TXU Generation, which arrangements TXU Generation must make available on a non-discriminatory basis.
- 4. For Gas-Intermediate entitlements, the assumed dispatch will be priced using the NYMEX gas futures value for the appropriate eastern (Henry Hub) or western zone (a weighted average price of Henry Hub and Houston Ship Channel) that is published on March 7, 2003, to estimate the dollar amount required to exercise the intermediate entitlements.
 - 5. The determination of the amount of credit available to an approved bidder will take into account any outstanding commitments that an approved bidder has for existing capacity auction entitlements.
 - 6. If the applicant's documents submitted are in order, then TXU Generation will notify the applicant in writing within 10 business days after the applicant has submitted the required information whether its application for credit has been approved and, if so, what the applicant's credit limit will be for participation in TXU Generation's Capacity Auction.
 - 7. If the applicant has been approved, then TXU Generation will also send the approved bidder a completed Master Agreement executed by TXU Generation. The approved bidder should attempt to execute and return the executed Master Agreement to TXU Generation so that it is received by no later than March 3, 2003, and it must execute and return the Master Agreement so that it is received by TXU Generation by no later than March 6, 2003.
 - 8. TXU Generation will provide a password or passwords to the approved bidder to allow it access to the TXU Generation Capacity Auction web site and to allow it to bid by no later than March 7, 2003.
 - 9. An approved bidder may not request or receive additional credit after the auction starts.

B. Delivery of Bidding Documents

All credit applications and credit instruments must be received by TXU Generation by no later than 5:00 PM on February 7, 2003, for an applicant to be assured that its application will be reviewed before the auction starts. Send these documents to:

Capacity Auction Coordinator
TXU Generation Company LP
1717 Main Street, Room 19-275
Dallas, TX 75201

C. Description of Entitlements

Each entitlement is a 25 MW block of capacity for one calendar month. See Appendix 2 for a detailed description of the entitlements being auctioned: by product type, by term, and by CSC Zones.

D. How the Auction Works

1. Opening Bid Prices

TXU Generation's opening bid prices, determined in accordance with PUCT Substantive Rule 25.381, are listed in Appendix 2.

2. Price Changes Between Rounds

TXU Generation will determine bid increments for each product type based on the methodology described in PUCT Substantive Rule 25.381 using the following ranges of entitlements:

Product	Range
Baseload	\$0.05 to \$0.75
Gas-intermediate	\$0.02 to \$0.30
Gas-cyclic	\$0.02 to \$0.30
Gas-peaking	\$0.02 to \$0.30

3. Conduct of Auction.

The auction will be conducted in accordance with PUCT Substantive Rule 25.381 and with the Second Revised ERCOT Capacity Auction Switching Procedures that were approved by the PUCT in Docket No. 25880 (the "Switching Procedures").

4. **Winners Will Be Announced**

After entitlements are awarded, all bidders and the PUCT will be notified of the outcome of the auction.

5. **Timing of Auction**

- a. All times in this document are in local Dallas, Texas time.
- b. The TXU Generation Capacity Auction will start on Monday, March 10, 2003, with the first round starting at 8:00 a.m. and the last round on each day starting no later than 4:00 p.m. Each auction round will last 30 minutes, with 30-minute periods between rounds. For example, the first round of bidding will start at 8:00 a.m. and end at 8:30 a.m., the second round will start at 9:00 a.m. and end at 9:30 a.m., *etc.*

VIII. MISCELLANEOUS

- A. TXU Generation is not liable for non-performance or late performance of any obligation in connection with the TXU Generation Capacity Auction, to the extent and for such a period of time as such non-performance or late performance is due to reasons beyond TXU Generation's reasonable control ("Force Majeure"), including, but not limited to, act of God, civil or ethnic unrest, shortage or unavailability of labor, revolution or insurrection, war (whether declared or not), terrorist activity, religious events, bombings, blockages, embargoes, general labor strikes, power failures, acts, restrictions, regulations, by-laws, prohibitions, or measures of any kind on the part of any governmental authority or any governmental regulations imposed after the fact, import or export regulations or embargoes, acts or defaults of any telecommunications provider, circumstances where communications lines (whether in Dallas, Texas or elsewhere) cannot be used for reasons attributable to third party telecommunications providers, fire, explosions, floods, earthquakes, or any other natural disaster, chemical contamination, unavailability of equipment or components not caused by TXU Generation's act or default. In the event of Force Majeure, all parties are relieved of performing any obligations in connection with the TXU Generation Capacity Auction that are affected by the Force Majeure event.
- B. Applicant acknowledges that TXU Generation has the sole responsibility to award any bids and may, at its sole discretion, reject any or all bids.

IX. MODIFICATIONS AND SUPPLEMENTS

TXU Generation reserves the right to modify or supplement this Auction Description by issuing one or more addenda from time to time before the auction starts. One or more final orders of the PUCT may require modifications to this Auction Description. Those addenda become a part of this Auction Description.

X. WEB SITE

This Auction Description, addenda to this Auction Description, and other important information about this Capacity Auction are on the TXU Generation Capacity Auction Information Web Site at <http://www.txucorp.com/CapacityAuction>.

XI. CONTACT INFORMATION

For further information about this Capacity Auction, contact either:

Name	Fax	E-Mail
Gregory Gideon	(214) 875-9246	ggideon1@txu.com
Gary Miller	(214) 875-9246	gmliller2@txu.com

APPENDIX 1

DESCRIPTION OF GENERATING UNITS ASSIGNED TO THE TXU GENERATION CAPACITY AUCTION

CAPACITY		UNIT	SUMMER NET CAPACITY	2003 CONGESTION	MONTHLY ENTITLEMENT
<u>TYPE</u>	<u>UNIT NAME</u>	<u>N0.</u>	<u>(MW)</u>	<u>ZONE</u>	
Baseload	Comanche Peak	1	1,150	North	Yes
Baseload	Comanche Peak	2	1,150	North	Yes
Baseload	Martin Lake	1	750	North	Yes
Baseload	Martin Lake	2	750	North	Yes
Baseload	Martin Lake	3	750	North	Yes
Baseload	Monticello	1	565	North	Yes
Baseload	Monticello	2	565	North	Yes
Baseload	Monticello	3	750	North	Yes
Intermediate	DeCordova	1	818	North	Yes
Intermediate	Lake Hubbard	2	528	North	Yes
Intermediate	Stryker Creek	ST2	500	North	Yes
Intermediate	Valley	2	550	North	Yes
Cyclic	Collin	1	153	North	Yes
Cyclic	Eagle Mountain	1	115	North	Yes
Cyclic	Eagle Mountain	2	175	North	Yes
Cyclic	Eagle Mountain	3	375	North	Yes
Cyclic	Lake Hubbard	1	393	North	Yes
Cyclic	North Lake	1	175	North	Yes
Cyclic	North Lake	2	175	North	Yes
Cyclic	North Lake	3	365	North	Yes
Cyclic	North Main	4	80	North	Yes
Cyclic	Parkdale	1	87	North	Yes
Cyclic	Parkdale	2	115	North	Yes
Cyclic	Parkdale	3	125	North	Yes
Cyclic	River Crest	1	110	North	Yes
Cyclic	Stryker Creek	ST1	175	North	Yes
Cyclic	Trinidad	6	240	North	Yes
Cyclic	Valley	1	175	North	Yes
Cyclic	Valley	3	390	North	Yes
Peak	DeCordova	CT1	65	North	Yes
Peak	DeCordova	CT2	65	North	Yes
Peak	DeCordova	CT3	65	North	Yes
Peak	DeCordova	CT4	65	North	Yes
Peak	Stryker Creek	D1	2	North	Yes
Peak	Stryker Creek	D2	2	North	Yes
Peak	Stryker Creek	D3	2	North	Yes
Peak	Stryker Creek	D4	2	North	Yes

CAPACITY		UNIT	SUMMER NET	2003	MONTHLY
<u>TYPE</u>	<u>UNIT NAME</u>	<u>NO.</u>	<u>CAPACITY</u>	<u>CONGESTION</u>	<u>ENTITLEMENT</u>
			<u>(MW)</u>	<u>ZONE</u>	
Peak	Stryker Creek	D5	2	North	Yes
Peak	Trinidad	D1	2	North	Yes
Peak	Trinidad	D2	2	North	Yes
Baseload	Big Brown	1	575	North	Yes
Baseload	Big Brown	2	575	North	Yes
Intermediate	Tradinghouse	1	565	North	Yes
Intermediate	Tradinghouse	2	818	North	Yes
Cyclic	Lake Creek	ST1	87	North	Yes
Cyclic	Lake Creek	ST2	230	North	Yes
Peak	Lake Creek	D1	2	North	Yes
Peak	Lake Creek	D2	2	North	Yes
Peak	Lake Creek	D3	2	North	Yes
Baseload	Sadow	4	557	South	Yes
Intermediate	Graham	2	390	West	Yes
Intermediate	Morgan Creek	6	511	West	Yes
Intermediate	Permian Basin	6	540	West	Yes
Intermediate	Sweetwater	1	260	West	Yes
Cyclic	Graham	1	240	West	Yes
Cyclic	Morgan Creek	2	22	West	Yes
Cyclic	Morgan Creek	3	44	West	Yes
Cyclic	Morgan Creek	4	70	West	Yes
Cyclic	Morgan Creek	5	175	West	Yes
Cyclic	Permian Basin	5	115	West	Yes
Peak	Morgan Creek	CT1	65	West	Yes
Peak	Morgan Creek	CT2	65	West	Yes
Peak	Morgan Creek	CT3	65	West	Yes
Peak	Morgan Creek	CT4	65	West	Yes
Peak	Morgan Creek	CT5	65	West	Yes
Peak	Morgan Creek	CT6	65	West	Yes
Peak	Permian Basin	CT1	65	West	Yes
Peak	Permian Basin	CT2	65	West	Yes
Peak	Permian Basin	CT3	65	West	Yes
Peak	Permian Basin	CT4	65	West	Yes
Peak	Permian Basin	CT5	65	West	Yes

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

TABLE 1
MONTHLY ENTITLEMENTS—May 2003

CONGESTION ZONE—North 2003

<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	9	\$6.92	\$9.78	Comanche Peak
Gas - Intermediate	17	\$1.39	See Schedule CA	Comanche Peak
Gas - Cyclic	17	\$1.38	See Schedule CA	Comanche Peak
Gas - Peaking	1	\$0.20	See Schedule CA	Comanche Peak

CONGESTION ZONE—South 2003

<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	1	\$2.26	\$12.10	Sandow

CONGESTION ZONE—West 2003

<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	7	\$1.33	See Schedule CA	Morgan Creek
Gas — Cyclic	3	\$1.64	See Schedule CA	Morgan Creek
Gas — Peaking	4	\$0.50	See Schedule CA	Morgan Creek

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

TABLE 2
MONTHLY ENTITLEMENTS—June 2003

CONGESTION ZONE—North 2003

<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	9	\$6.89	\$9.78	Comanche Peak
Gas — Intermediate	5	\$1.50	See Schedule CA	Comanche Peak
Gas — Cyclic	5	\$1.90	See Schedule CA	Comanche Peak
Gas — Peaking	1	\$0.20	See Schedule CA	Comanche Peak

CONGESTION ZONE—South 2003

<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	1	\$2.63	\$12.10	Sandow

CONGESTION ZONE—West 2003

<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	7	\$1.47	See Schedule CA	Morgan Creek
Gas — Cyclic	3	\$1.81	See Schedule CA	Morgan Creek
Gas — Peaking	4	\$0.47	See Schedule CA	Morgan Creek

APPENDIX 2
DESCRIPTION OF THE ENTITLEMENTS IN THE TXU GENERATION CAPACITY AUCTION
TABLE 3
MONTHLY ENTITLEMENTS—July 2003

CONGESTION ZONE—North 2003

<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	9	\$7.04	\$9.78	Comanche Peak
Gas — Intermediate	5	\$1.66	See Schedule CA	Comanche Peak
Gas — Cyclic	5	\$2.59	See Schedule CA	Comanche Peak
Gas — Peaking	1	\$0.20	See Schedule CA	Comanche Peak

CONGESTION ZONE—South 2003

<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	1	\$2.90	\$12.10	Sandow

CONGESTION ZONE—West 2003

<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	7	\$1.57	See Schedule CA	Morgan Creek
Gas — Cyclic	3	\$2.25	See Schedule CA	Morgan Creek
Gas — Peaking	4	\$1.47	See Schedule CA	Morgan Creek

APPENDIX 2
DESCRIPTION OF THE ENTITLEMENTS IN THE TXU GENERATION CAPACITY AUCTION
TABLE 4
MONTHLY ENTITLEMENTS—August 2003

CONGESTION ZONE—North 2003

<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	9	\$7.06	\$9.78	Comanche Peak
Gas — Intermediate	5	\$1.68	See Schedule CA	Comanche Peak
Gas — Cyclic	5	\$2.69	See Schedule CA	Comanche Peak
Gas — Peaking	1	\$0.20	See Schedule CA	Comanche Peak

CONGESTION ZONE—South 2003

<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	1	\$2.81	\$12.10	Sandow

CONGESTION ZONE—West 2003

<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	7	\$1.58	See Schedule CA	Morgan Creek
Gas — Cyclic	3	\$2.30	See Schedule CA	Morgan Creek
Gas — Peaking	4	\$1.70	See Schedule CA	Morgan Creek

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 9th day of January, 2003, 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*, and PUCT Docket No. 25880, *Proceeding to Implement Switching Procedures for ERCOT Capacity Auctions*.

