



Control Number: 31056



Item Number: 806

Addendum StartPage: 0

SOAH DOCKET NO. 473-05-7455
PUC DOCKET NO. 31056

APPLICATION OF AEP TEXAS § PUBLIC UTILITY COMMISSION
CENTRAL COMPANY AND CPL §
RETAIL ENERGY, LP TO DETERMINE § OF
TRUE-UP BALANCES PURSUANT TO §
PURA §39.262 AND PETITION TO §
DETERMINE AMOUNT OF EXCESS § TEXAS
MITIGATION CREDITS TO BE §
REFUNDED AND RECOVERED §

2005 SEP 23 PM 4:56
PUBLIC UTILITY COMMISSION
REGISTRATION UNIT

AEP TEXAS CENTRAL COMPANY'S RESPONSE TO
CITIES' FORTY-THIRD REQUEST FOR INFORMATION

SEPTEMBER 23, 2005

TABLE OF CONTENTS

<u>SECTION</u>	<u>FILE NAME</u>	<u>PAGE</u>
Response to Question No. 2	43cit02.doc	2-3
Attachment to Response No. 2	No Electronic Files	4-13

**SOAH DOCKET NO. 473-05-7455
PUC DOCKET NO. 31056**

APPLICATION OF AEP TEXAS	§	PUBLIC UTILITY COMMISSION
CENTRAL COMPANY AND CPL	§	
RETAIL ENERGY, LP TO DETERMINE	§	
TRUE-UP BALANCES PURSUANT TO	§	OF
PURA §39.262 AND PETITION TO	§	
DETERMINE AMOUNT OF EXCESS	§	
MITIGATION CREDITS TO BE	§	TEXAS
REFUNDED AND RECOVERED	§	

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO
CITIES' FORTY-THIRD REQUEST FOR INFORMATION**

Question No. 43-SN-2:

Reference page 24, lines 1-4 of Mr. Isenberg's rebuttal testimony, please provide documentation regarding the referenced recent decisions by Texas Genco and TXU to exclude mothballed capacity from the capacity needed to be auctioned and identify the date and docket number in which the Commission authorized such treatment.

Response No. 43-SN-2:

TCC is attaching to this response from TXU's July 2005 60-day auction notice in Docket 26268, copies of:

1. The cover letter filed by TXU Senior Counsel noting the removal of units from the auction, as they were not potentially marketable, excerpt below:

“Re: PUCT Project No. 26268 -- TXU Generation Company LP's Notice of the July 2005 Capacity Auction Pursuant to Substantive Rule 25.381(h)(2)(B)”

“Additionally, TXU Power has not included in its July 2005 Capacity Auction entitlements from the following cyclic gas-fired steam-electric generating units: Valley ST1, Valley ST3, Collin, Eagle Mountain ST1, Eagle Mountain ST2, and Eagle Mountain ST3. As explained in the affidavit separately filed in Project No. 26268 by Mr. Richard Wistrand, Senior Vice President and Chief Fossil Officer of TXU Generation Management Company LLC, TXU Power does not consider these units to be potentially marketable electric generation capacity because TXU Power will disconnect these cyclic gas-fired steam-electric generating units from the ERCOT transmission system and will

not reconnect these facilities or operate them during the 12-month period commencing on May 12, 2005.

Generation from all of the above-referenced units is not part of TXU Power's jurisdictional installed generation capacity under Substantive Rule 25.381(c)(14) and, therefore, is not subject to auction under Substantive Rule 25.381(d)."

2. Appendix 1 & 2 from the notice showing the reduction.
3. The executive summary explaining the reason for the reduction.

Upon reviewing the documents associated with Texas Gencos removal of units from the auction, it was determined that they were being retired for economic reasons, similar to reasoning TCC used in mothballing its units.

Prepared By: Thomas J. Stain
Sponsored By: Michael S. Isenberg

Title: Senior Coordinator
Title: Dir. Planning & Budgeting

**TXU GENERATION COMPANY LP'S 60 DAY NOTICE OF
THE July 2005 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), affiliated power generation companies (as defined by the rule) offering capacity entitlements in the July 2005 Capacity Auction must file notice of the July 2005 auction with the Commission by no later than May 11, 2005. In compliance with P.U.C. SUBST. R. 25.381(h)(2)(B), TXU Generation Company LP ("TXU Power"), an affiliated PGC unbundled from TXU US Holdings Company (f/k/a/ TXU Electric Company) offers this Executive Summary and Exhibit A attached hereto as its 60 day notice filing for the July 2005 Capacity Auction.

I. Exhibit A – Description of TXU Power's July 2005 Capacity Auction

Exhibit A provides a general description of the capacity auction process and the nature of products that will be available in TXU Power's July 2005 Capacity Auction. Exhibit A also provides step-by-step instructions on how a potential bidder can participate in TXU Power's July 2005 Capacity Auction.

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 provides that information for the July 2005 Capacity Auction.

A. Appendix 1 – Description of the Generating Units assigned to the TXU Power Capacity 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 provides that information for the TXU Power July 2005 Capacity Auction. Appendix 1 also provides the amount of capacity (in MW) associated with each of TXU Power's generating units used to support the entitlements.

Please note that TXU Power has not included in its July 2005 Capacity Auction entitlements from the following peaking combustion turbine generating units: DeCordova CT1, DeCordova CT2, DeCordova CT3, DeCordova CT4, Permian Basin CT1, Permian Basin CT2, Permian Basin CT3, Permian Basin CT4, and Permian Basin CT5. TXU Power does not own these combustion turbine units, has ceased to operate these units for its own benefit, and has relinquished control of them through tolling agreements executed with an unaffiliated counterparty.

Additionally, TXU Power has not included in its July 2005 Capacity Auction entitlements from the following cyclic gas-fired steam-electric generating units: Valley ST1, Valley ST3, Collin, Eagle Mountain ST1, Eagle Mountain ST2, and Eagle Mountain ST3. As explained in the affidavit separately filed in Project No. 26268 by Mr. Richard Wistrand, Senior Vice President and Chief Fossil Officer of TXU Generation Management Company LLC, TXU Power does not consider these units to be potentially marketable electric generation capacity because TXU Power will disconnect the units from the ERCOT transmission system and will not reconnect these units or operate them during the 12-month period commencing on May 12, 2005.

Generation from all of the above-referenced units is not part of TXU Power's jurisdictional installed generation capacity under Substantive Rule 25.381(c)(14) and, therefore, is not subject to auction under Substantive Rule 25.381(d). By removing these units from the July 2005 Capacity Auction, the TXU Power gas-peaking entitlements that will be offered in the

July 2005 Capacity Auction will be reduced by four (4) entitlements and the TXU Power gas-cyclic entitlements that will offered in the July 2005 Capacity Auction will be reduced by four (4) entitlements.

B. Appendix 2 – Description of the Entitlements in the TXU Power Capacity 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 lists the terms and quantity of the TXU Power entitlements available in the TXU Power July 2005 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 presents the fuel costs for the baseload entitlements being offered in the TXU Power July 2005 Capacity Auction.

P.U.C. SUBST. R. 25.381(h)(7)(C) provides that 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 provides TXU Power's opening bid prices for the entitlements available in the July 2005 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 lists this information for each entitlement offered by TXU Power in the July 2005 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 Power in its filing in P.U.C. Project No. 21405 on March 5, 2001. TXU Power 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 Power 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 July 2005 Capacity Auction. TXU Power also reserves the right to revise its 60 day notice, as necessary, prior to the July 2005 Capacity Auction to clarify or correct any and all errors or omissions that it may contain.

SOAH Docket No. 473-05-7455
Docket No. 31056
Cities43rd, Q. # 2
Attachment
Page 4 of 10

Don J. Clevenger
Senior Counsel

Tel: 214 812 3008
Fax: 214 812 6032
dclevenger@txu.com

May 11, 2005

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 July 2005 Capacity Auction Pursuant to Substantive Rule
25.381(h)(2)(B)

Dear Filing Clerk:

P.U.C. Substantive Rule 25.381(h)(2)(B) requires affiliated power generation companies offering capacity auction entitlements in the July 2005 Capacity Auction to file a notice of the pending auction with the Commission by May 11, 2005. 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 Power") will offer capacity auction entitlements in the July 2005 Capacity Auction. In compliance with Substantive Rule 25.381(h)(2)(B), TXU Power offers the attached Executive Summary and Exhibit A as its 60 day notice for the July 2005 Capacity Auction.

Please note that TXU Power has not included in its July 2005 Capacity Auction entitlements from the following peaking combustion turbine generating units: DeCordova CT1, DeCordova CT2, DeCordova CT3, DeCordova CT4, Permian Basin CT1, Permian Basin CT2, Permian Basin CT3, Permian Basin CT4, and Permian Basin CT5. TXU Power does not own these combustion turbine units, has ceased to operate these units for its own benefit, and has relinquished control of them through tolling agreements executed with an unaffiliated counterparty.

Additionally, TXU Power has not included in its July 2005 Capacity Auction entitlements from the following cyclic gas-fired steam-electric generating units: Valley ST1, Valley ST3, Collin, Eagle Mountain ST1, Eagle Mountain ST2, and Eagle Mountain ST3. As explained in the affidavit separately filed in Project No. 26268 by Mr. Richard Wistrand, Senior Vice President and Chief Fossil Officer of TXU Generation Management Company LLC, TXU Power does not consider these units to be potentially marketable electric generation capacity because TXU Power will disconnect these cyclic gas-fired steam-electric generating units from the ERCOT transmission system and will not reconnect these facilities or operate them during the 12-month period commencing on May 12, 2005.

Generation from all of the above-referenced units is not part of TXU Power's jurisdictional installed generation capacity under Substantive Rule 25.381(c)(14) and, therefore, is not subject to auction under Substantive Rule 25.381(d). By removing these units from the July 2005 Capacity Auction, the TXU Power gas-peaking entitlements that will be offered in the July 2005 Capacity Auction will be reduced by four (4) entitlements and the TXU Power gas-cyclic entitlements that will offered in the July 2005 Capacity Auction will be reduced by four (4) entitlements.

Please direct any questions regarding this notice of the July 2005 Capacity Auction to Dennis Hogan of TXU Power at (214) 812-7088 or to me at the number above.

Sincerely,

Don J. Clevenger

Attachments

SOAH Docket No. 473-05-7455
Docket No. 31056
Cities43rd, Q. # 2
Attachment
Page 6 of 10

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

**Table 1
MONTHLY ENTITLEMENTS--Sep 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	5	\$7.18	\$8.93	Comanche Peak
Gas-Intermediate	20	\$0.00	See Schedule CA	Comanche Peak
Gas-Cyclic	15	\$1.78	See Schedule CA	Comanche Peak
Gas-Peaking	0	\$0.70	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	\$2.65	\$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	\$1.57	See Schedule CA	Morgan Creek
Gas-Peaking	1	\$0.89	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	10	\$4.76	\$12.99	Monticello
Gas-Intermediate	3	\$0.00	See Schedule CA	Monticello
Gas-Cyclic	3	\$1.18	See Schedule CA	Monticello

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

**Table 2
MONTHLY ENTITLEMENTS--Oct 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	0	\$5.92	\$8.93	Comanche Peak
Gas-Intermediate	17	\$0.00	See Schedule CA	Comanche Peak
Gas-Cyclic	12	\$1.11	See Schedule CA	Comanche Peak
Gas-Peaking	0	\$0.22	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	\$2.60	\$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	\$0.86	See Schedule CA	Morgan Creek
Gas-Peaking	0	\$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	7	\$3.53	\$12.99	Monticello
Gas-Intermediate	3	\$0.00	See Schedule CA	Monticello
Gas-Cyclic	3	\$0.66	See Schedule CA	Monticello

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

Table 3

**MONTHLY ENTITLEMENTS--Nov 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	2	\$6.96	\$8.93	Comanche Peak
Gas-Intermediate	17	\$0.00	See Schedule CA	Comanche Peak
Gas-Cyclic	11	\$0.68	See Schedule CA	Comanche Peak
Gas-Peaking	0	\$0.09	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	\$2.17	\$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	\$0.42	See Schedule CA	Morgan Creek
Gas-Peaking	1	\$0.05	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	7	\$4.00	\$12.99	Monticello
Gas-Intermediate	3	\$0.00	See Schedule CA	Monticello
Gas-Cyclic	3	\$0.39	See Schedule CA	Monticello

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

Table 4

**MONTHLY ENTITLEMENTS--Dec 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	5	\$7.82	\$8.93	Comanche Peak
Gas-Intermediate	20	\$0.00	See Schedule CA	Comanche Peak
Gas-Cyclic	15	\$0.84	See Schedule CA	Comanche Peak
Gas-Peaking	0	\$0.16	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	\$2.46	\$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	\$0.82	See Schedule CA	Morgan Creek
Gas-Peaking	1	\$0.15	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	10	\$4.35	\$12.99	Monticello
Gas-Intermediate	3	\$0.00	See Schedule CA	Monticello
Gas-Cyclic	3	\$0.47	See Schedule CA	Monticello