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July 30, 2002

VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida 32399-0870

Re: Docket No.: 020233-EI

Dear Ms. Bayo:

On behalf of Reliant Energy Power Generation, Inc., enclosed for filing and distribution are the original and 15 copies of the following:

- ▶ Supplemental Comments of Reliant Energy Power Generation, Inc.

Please acknowledge receipt of the above on the extra copy and return the stamped copy to me. Thank you for your assistance.

Sincerely,



Joseph A. McGlothlin

JAM/mls
Enclosure

DOCUMENT NUMBER-DATE

MCWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON, DECKER, KAUFMAN, ARNOLD & STEEN, P.A. 07982 JUL 30 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of GridFlorida Regional
Transmission Organization (RTO) Proposal

Docket No.: 020233-EI
Filed: July 30, 2002

**SUPPLEMENTAL COMMENTS OF
RELIANT ENERGY POWER GENERATION, INC.**

Reliant Energy Power Generation, Inc., (“Reliant”) through its undersigned counsel, hereby supplements its Post-Workshop Comments dated July 12, 2002, and states:

1. During the meeting of Staff and interested parties held on July 24, 2002, Staff indicated that parties could provide follow-up comments on or before Tuesday, July 30, 2002.

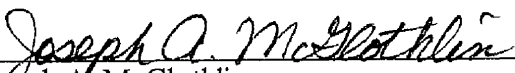
2. During that meeting, a participant suggested that the revised market design submitted by GridFlorida Applicants on July 2, 2002 differs from, and therefore fails to comply with, Commission Order No. PSC-02-2489-FOF-EI, which the Commission issued on December 24, 2001. The notion that a departure from the market design first proposed by Applicants necessarily is “out of bounds” mistakenly overlooks three important considerations:

(a) In Order No. PSC-02-0350-FOF-EI, issued on March 14, 2002, the Commission stated explicitly that Reliant and other movant IPPs would be permitted to address the merits of the “physical transmission rights/balanced schedules” model formerly proposed by Applicants in this phase of the proceeding. Necessarily, then, in Order No. PSC-02-0350-FOF-EI the Commission contemplated the possibility of embracing a market design other than that which it described earlier in Order No. PSC-02-2489-FOF-EI. To suggest otherwise would be to attribute to the Commission, unacceptably and without basis, the conscious intent of consigning these Intervenors to a futile exercise.

(b) In Order No. PSC-02-2489-FOF-EI, the Commission provided the Applicants with the opportunity to demonstrate and justify an approach to market design other than that which the Commission approved in the order. While Reliant disagrees with some particulars of implementation – primarily the proposed initial allocation of financial transmission rights – and while many details remain to be determined, at the conceptual level the Applicants have justified their proposal to supplant the “physical transmission rights/balanced schedules” model that they proposed earlier with a superior one based on locational marginal pricing and financial transmission rights.

(c) In Order No. PSC-02-0865-PCO-EI, the Commission emphasized again its desire for a consensus approach to market design. In view of the disparate views that had been articulated by parties by that time, in that order the Commission could not have intended to preclude movement toward a market design that differs from that approved in the December order.

In conclusion, the past orders of the Commission do not preclude its acceptance and endorsement of a market design that differs from that which the Applicants originally submitted.


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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing Supplemental Comments of Reliant Energy Power Generation, Inc. has been furnished by (*) hand delivery and U.S. Mail to the following this 30th day of July 2002:

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