ERCOT Update

Kent Saathoff
Vice President, Grid Operations and System Planning

Business and Commerce Committee
January 29, 2013
TEXAS DROUGHT CONDITIONS

U.S. Drought Monitor
Texas

October 4, 2011

May 15, 2012

January 22, 2013

Intensity:
- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

USDA National Drought Mitigation Center

ERCOT
Expected Load Carrying Capacity (ELCC) for Wind is 8.7%
• Ensure that reliability steps taken by ERCOT during times of extremely high demand do not inadvertently create price signals that discourage new generation investment.

• Expand ERCOT’s toolkit for addressing shortage/emergency conditions.

• Sponsor and conduct analysis of the ERCOT market to provide policymakers the detailed information needed to assess alternatives.
• Established process for recalling mothballed units for capacity use
• Expanded Emergency Response Service (ERS) (formerly EILS)
• Launched 30-minute ERS pilot to enhance demand response
• Improved how certain ancillary services are priced and deployed to help ensure adequate resources in emergencies (i.e., Responsive Reserves, Non-spin Reserves, Regulation Up services)
• Contracted with the Brattle Group for resource adequacy study
• Raised System-wide Offer Cap to $4,500 (effective Aug. 1, 2012)
• Set System-wide Offer Cap as price for use of Reliability Unit Commitment (RUC) units called upon in scarcity conditions
• Increased consumer outreach efforts and information options during high-demand periods
• Evaluated extent of existing non-ERCOT load management activities in ERCOT region
• Began posting non-binding real-time wholesale prices for next hour to inform consumers who reduce demand in high prices
Reserve Margin

• The study to help determine if reserve margin needs to be revised upward is going through stakeholder processes.
• Study results likely will be presented at the ERCOT Board of Directors meeting in March or May 2013.
  o Wind power from coast and west Texas may be counted separately. Coastal number could be significantly higher.

Seasonal Assessment of Resource Adequacy – March 1

• Short-term look at resources available to meet seasonal demand
• Report will show final numbers for spring, first look at summer

PUC Workshop – March 13

• Demand Response
• Capacity, Demand and Reserves report inputs