



MEMO

Date: August 8, 2006
To: ERCOT Board of Directors
From: Bill Bojorquez, Director of System Planning
Subject: CenterPoint Dynamic Reactive Support Project

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: August 15, 2006

Agenda Item No.: 11

Issue:

ERCOT Board endorsement of CenterPoint Dynamic Reactive Support Project.

Background/History:

In March 2006, CenterPoint Energy submitted a project to address the need for additional dynamic reactive support in the Houston area. This project seeks to install two dynamic reactive support devices at two locations, Bellaire and Crosby, with both devices planned to be in-service prior to peak of 2008. ERCOT's independent assessment report is included in Attachment A.

Several different technologies could be used to provide this dynamic reactive support; CenterPoint will issue an RFP to select the specific device. The estimated installed cost of this project, including the devices at both locations and related substation work has been estimated by CenterPoint to be \$20-25 million.

This project has been studied by the South Regional Planning Group and received no dissenting stakeholder comments. The project was presented to TAC on August 3, 2006 and received only one comment, which was in support of the need for the project.

Key Factors Influencing Issue:

This project is needed to maintain voltages in the Houston area under transient conditions following a severe system contingency within a range that will not result in additional loss of generation under Operating Guide 3.1.4.6. In addition, while it is acceptable under NERC criteria to experience some controlled loss of load under the type of severe contingencies (known as Category D contingencies), this project is needed to limit to an acceptable amount the load in the Houston area that would otherwise be shed due to undervoltage for such a contingency.

ERCOT Staff has performed an independent study of the proposed project and supports the



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need for the project.

Alternatives:

- (1) Endorse the need for the construction of the CenterPoint Dynamic Reactive Support Project as recommended by ERCOT Staff and supported by TAC and the South Regional Planning Group;
- (2) Remand to ERCOT staff with instructions.

Conclusion/Recommendation:

ERCOT staff recommends the Board endorse the need for the CenterPoint Dynamic Reactive Support Project.