



MEMO

Date: September 12, 2006
To: Board of Directors
From: Bill Bojorquez
Subject: RMR Exit Strategy – Atkins

Report to the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: September 19, 2006

Agenda Item No.: 04(a)

Issue:

Notice of the Reliability Must Run (RMR) Exit Strategy for the Atkins Generation Resources owned by Bryan Texas Utilities (BTU). Board action on this item is not necessary.

Background/History:

On June 1, 2006, ERCOT entered into RMR Agreements with BTU for Atkins units 4, 5 and 6. The ERCOT Protocols require ERCOT staff to investigate possible alternatives to RMR contracts. Section 6.5.9.2 of the ERCOT Protocols states in part:

No later than 90 days following the execution of an RMR Agreement, ERCOT shall report to the Board and post on the MIS a list of feasible alternatives that may, at a future time, be more cost-effective than the continued renewal of the existing RMR Agreement. Through the normal ERCOT System planning process, ERCOT shall develop a list of potential alternatives to the service provided by the RMR Unit.

ERCOT Staff has been working to carry out these requirements while reviewing previously endorsed transmission expansion plans in the Bryan-College Station area. While investigating alternatives to the continued renewal of the Atkins RMR Agreement, ERCOT staff determined that the Gibbons Creek to College Station Switch Project, which was approved by the Regional Planning Group (RPG) in April 2004, would relieve the need to continue the RMR Agreements for the Atkins units. This transmission project is currently under construction by Brazos Electric Cooperative, College Station Utilities and Texas Municipal Power Agency and is scheduled to be complete by October 2006. The Atkins RMR Agreements will terminate on October 31, 2006.

Attached as Attachment A is the notice sent to Market Participants on August 31, 2006, detailing the Gibbons Creek-College Station Switch Project. ERCOT has not received any



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comments opposing the RMR exit strategy outlined. ERCOT endeavors to achieve a coordinated transmission planning process through the regional planning efforts. This process ensures that the ERCOT and NERC planning standards are met, that the proposed project addresses TDSP planning criteria requirements, and that all areas of concern are addressed with the good of the overall region in mind.

Finally, ERCOT staff recognizes the coordinated efforts of Brazos Electric Cooperative, College Station Utilities, and Texas Municipal Power Agency in the completion of the Gibbons Creek-College Station Switch Project.