

External Relations Update

March 23, 2010

UPCOMING ISSUES – SUMMER 2010

SUNSET

- Sunset staff report will be released publicly mid-April.
- Sunset Advisory Commission (the Legislative body) will hold a public hearing on PUC, ERCOT and OPC on May 25th and 26th.
- Sunset Advisory Commission will release their recommendations to the full Legislature at their hearing on July 6th.

INTERIM LEGISLATIVE HEARINGS

A group of ERCOT subject matter experts has been formed to provide resource information to the various Legislative Committees taking up ERCOT and other energy issues during the interim period prior to the 2011 Legislative Session.

This group consists of Kent Saathoff, John Dumas, Betty Day and Dan Woodfin.

Other experts will be called upon as necessary.

- **The House Committee on Energy Resources and the House Committee on State Affairs has a joint charge:**

Examine the state's portfolio of electric generation resources, including traditional sources, emerging renewable technologies, and energy efficiency. Determine whether the existing state regulatory programs and incentives are adequate to meet the energy needs of the future. Consider factors relating to reliability, requirements for additional transmission, or auxiliary services.
- **The House Committee on Environmental Regulation has two charges which can affect the electric industry:**

Examine the regulation of air quality in the areas of permitting new and modified sources, public participation, and enforcement. Consider data and proposed federal standards and rules as they relate to the State Implementation Plan.

Monitor federal legislative and regulatory initiatives as they pertain to climate change. Consider Texas' responses to proposals and make recommendations as to any further preparations.

- **The House Committee on State Affairs has one charge which is electric-related. In addition to the charge noted above:**

Monitor federal legislation and regulatory initiatives pertaining to climate change and its effects on utilities and consumers. Consider Texas' response to proposals and make recommendations as to any further preparations.

- **The Senate Committee on Business and Commerce has three charges related to the electric industry:**

Study options for reducing demand for electricity, including innovative pricing options relating to the use of smart meters, programmable thermostats, and other demand side management and behavioral response strategies. Review current consumer education programs to reduce demand, decrease energy prices, and improve air quality. Consider benefits and costs of alternative energy sources such as geothermal and solar, and current incentives for electric and plug-in hybrid electric vehicles. The study should include recommendations on improving consumer knowledge and usage of these strategies in lowering overall electric usage, promoting energy efficiency, and improving the reliability of the ERCOT grid.

Study and make recommendations relating to the development and implementation of wind energy. Assess the total impact of wind energy, including additional costs to consumers, if any, buy-back provisions and pricing, the need for alternative energy sources at times when wind does not generate electricity, impact on the ERCOT grid, development of battery storage and other storage methods, and economic development impacts.

Study the generation costs of municipally owned electric utilities' planned generation portfolios. Consider the impact of planned generation costs on electric rates for residential and commercial customers. Solicit input on the impact of future electric rates on charitable and non-profit organizations, and the impact on such organizations' cash assistance programs to indigent customers. Consider the merits of a justifiable planned generation cost standard, and whether a deviation above the standard should be subject to approval by a vote of all customers of a municipally owned utility's service area.

POSSIBLE MEDIA RELEASES / ISSUES

March

- Board member announcement
- Wind forecasting developments

April

- Nodal Day-Ahead Market trials
- Renewable Energy Credits Annual Report
- Texas Regional Entity Audit Report

May

- Capacity, Demand and Reserves Report – Summer Assessment
- Nodal full functional integration trials
- 2009 Annual Report
- 2009 Audited Financial Statements
- Organizational Review Report
- 2010 Strategic Plan

June

- Texas Regional Entity's legal separation from ERCOT