

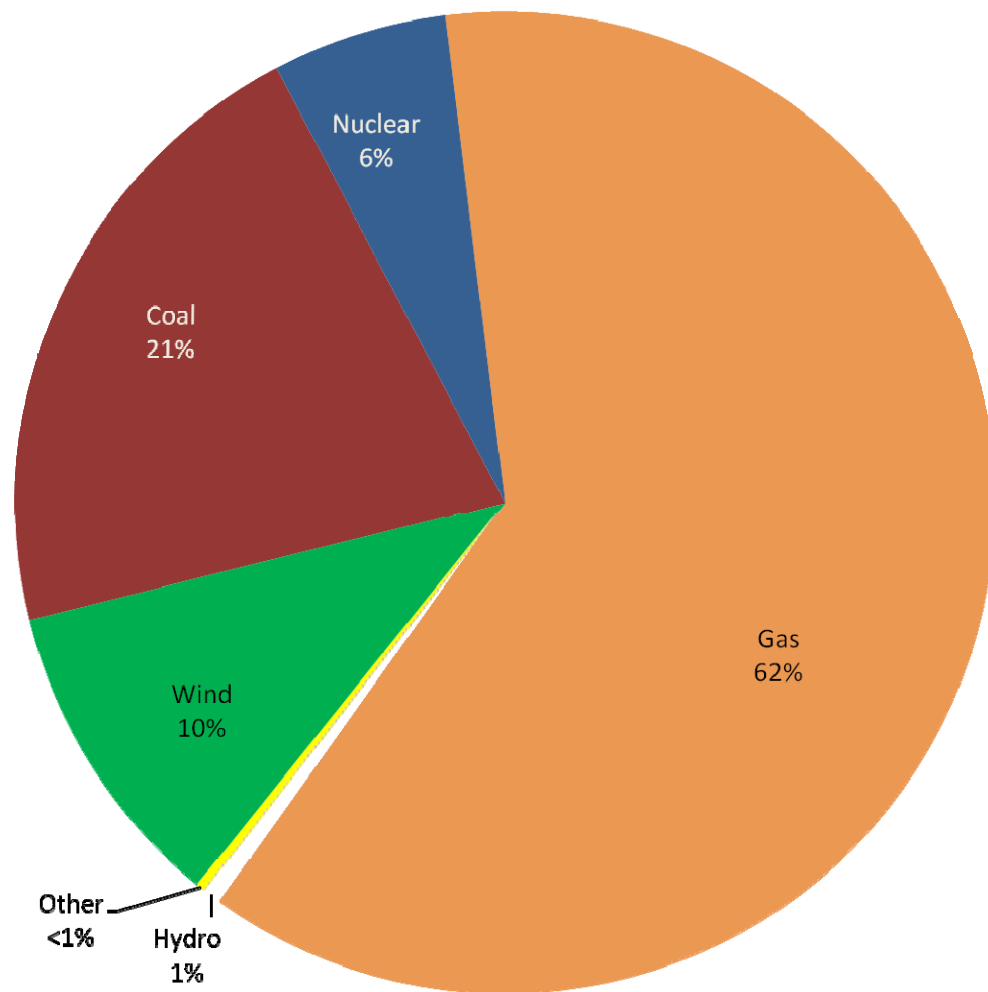


Testimony to Senate Committee on Natural Resources, Chairman Troy Fraser

August 18, 2010

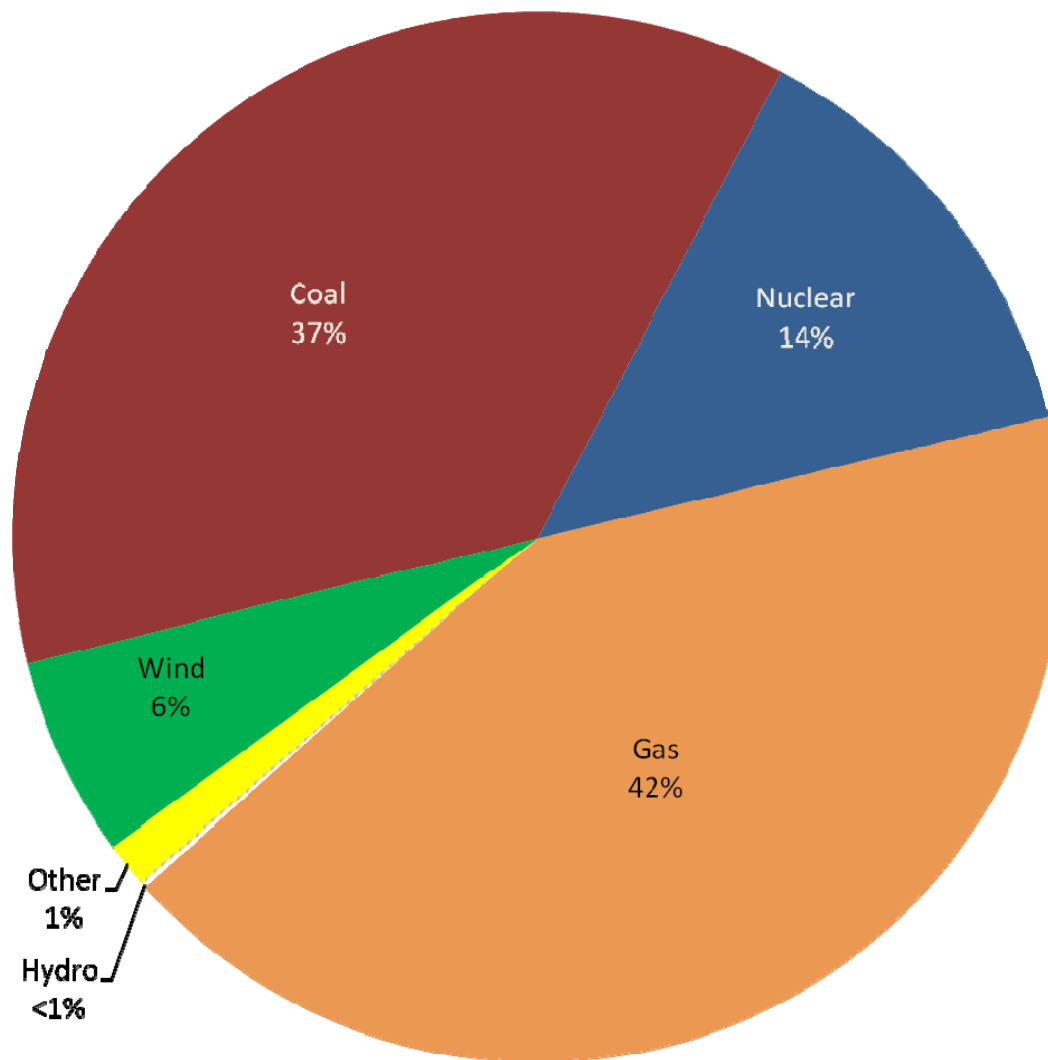
**Trip Doggett
President & CEO**

Installed Capacity

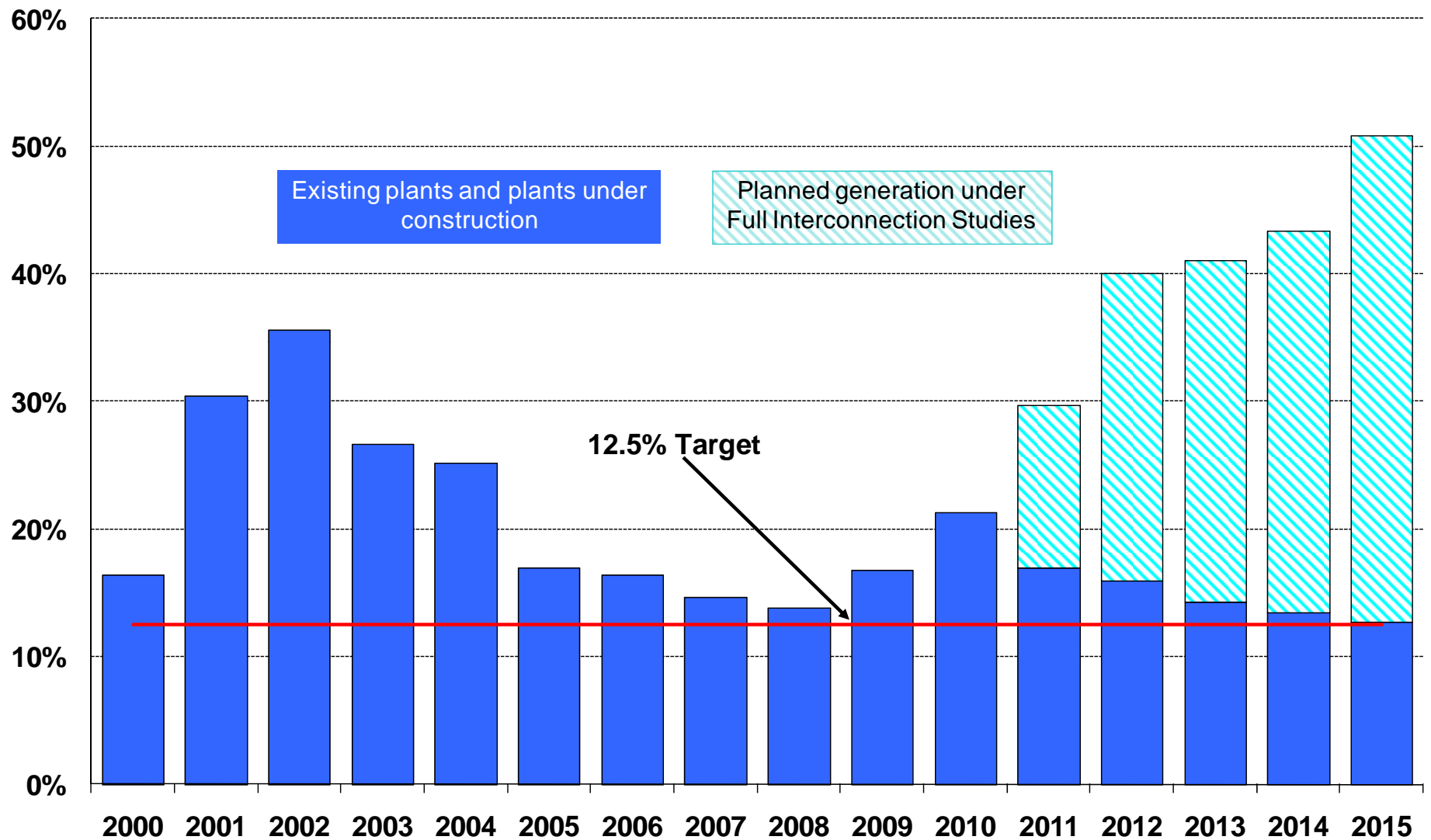


Installed Capacity

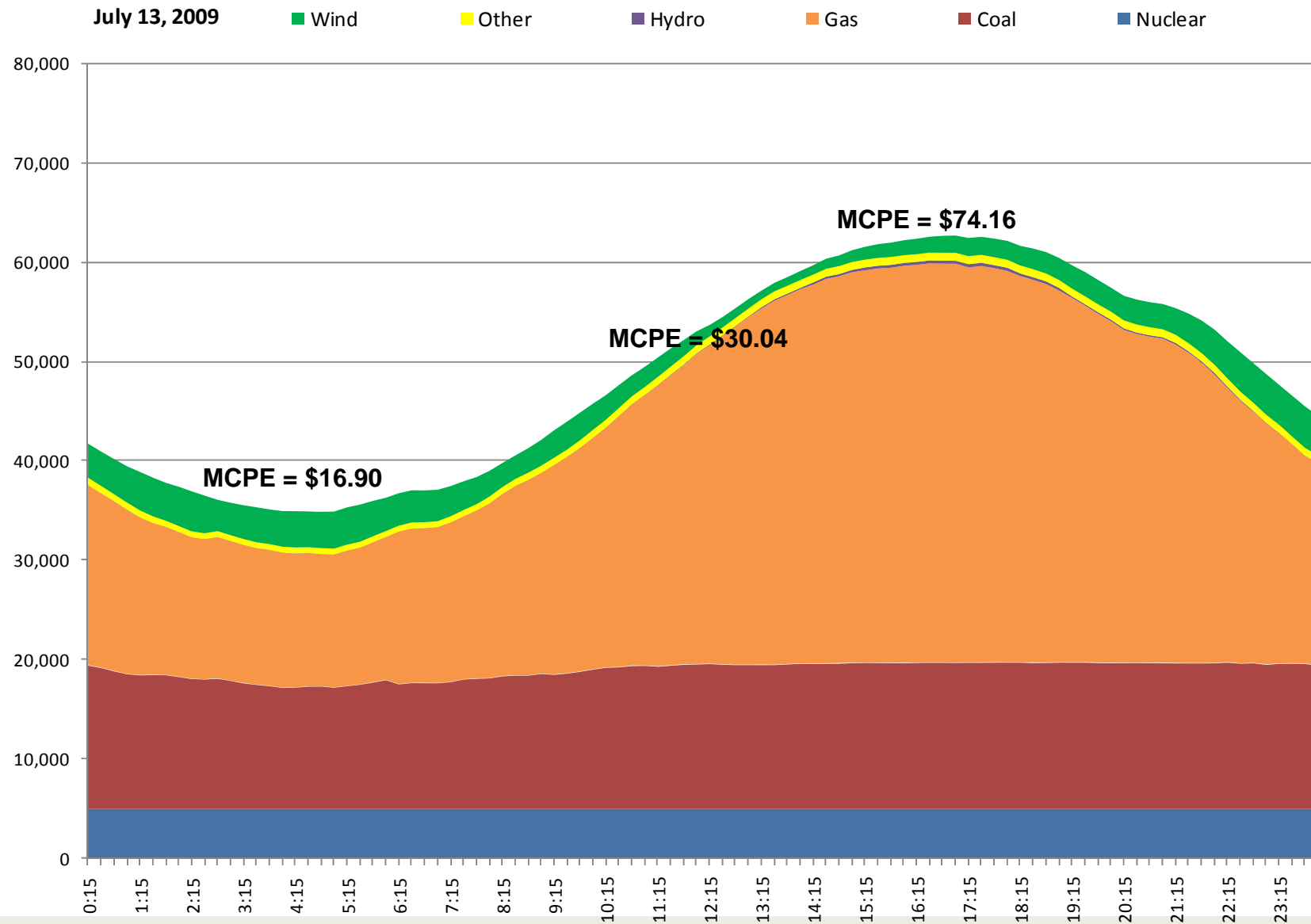
2009 Energy Production - by Fuel



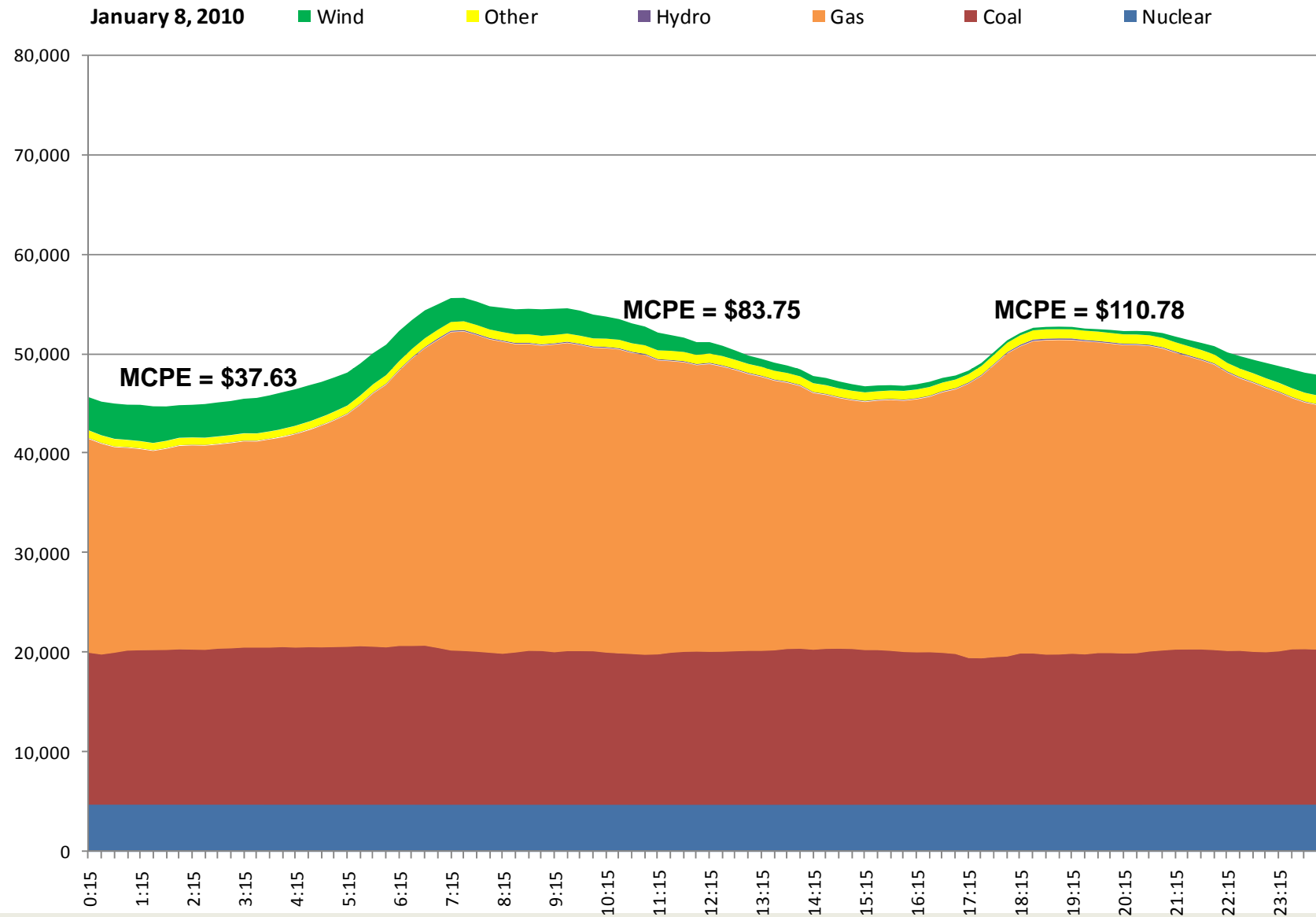
Reserve Margins for Years 2000 through 2015



Generation Output by Fuel – Summer Peak Day

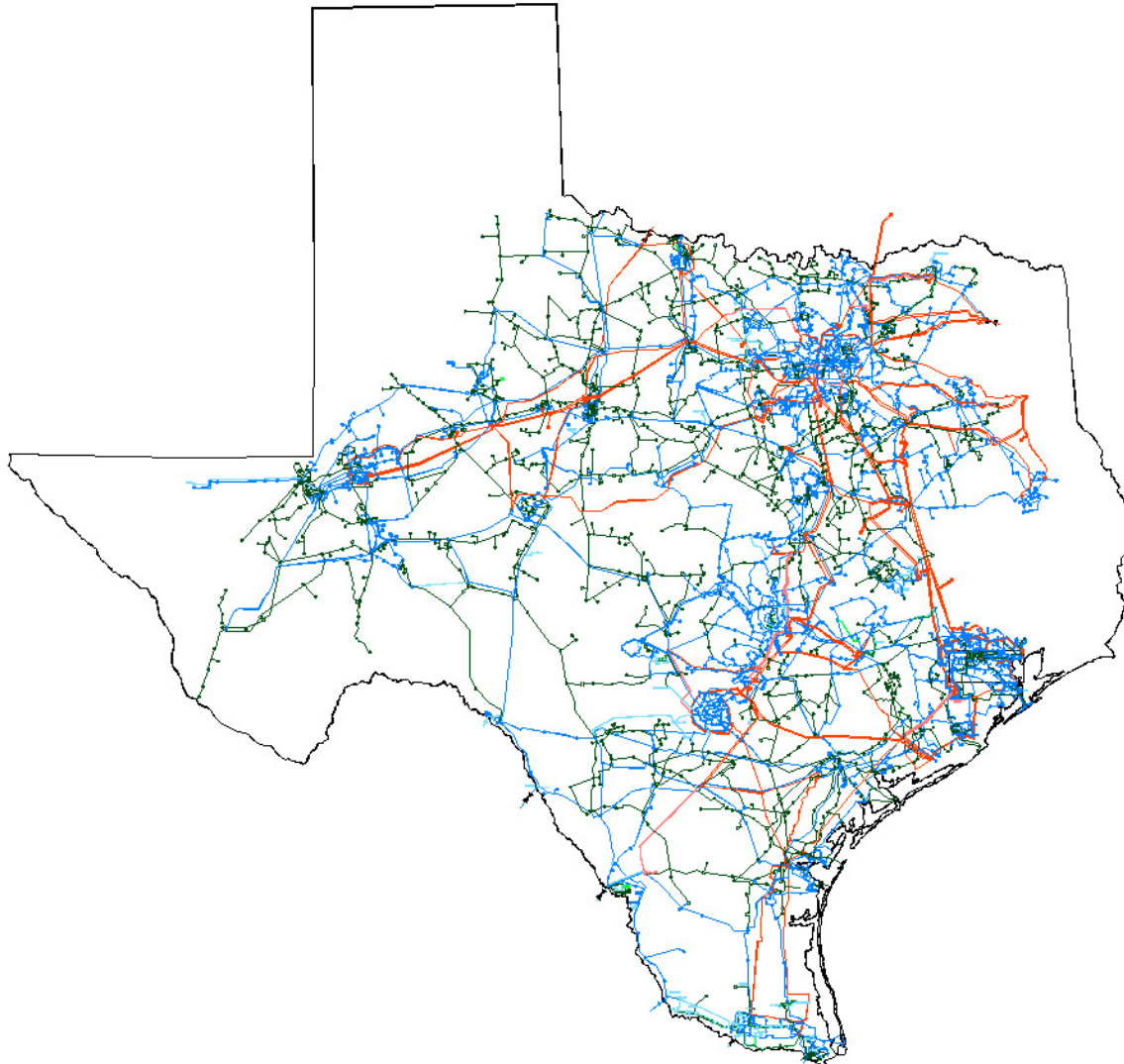


Generation Output by Fuel – Winter Peak Day



The ERCOT Transmission Grid

There are 40,327 Miles of Transmission Lines in Texas...



8,917 Miles of 345kV Lines

19,748 Miles of 138kV Lines

6,593 circuit miles of
transmission built since
1999

5,729 circuit miles of
transmission under study

\$4.4 b investment in
transmission placed in
service since 1999

\$8.2 b under development
(including CREZ
transmission)

ERCOT Renewable Generation – Wind

In ERCOT Today...

- **The Current Installed Wind Capacity is ~ 9,317 MW**

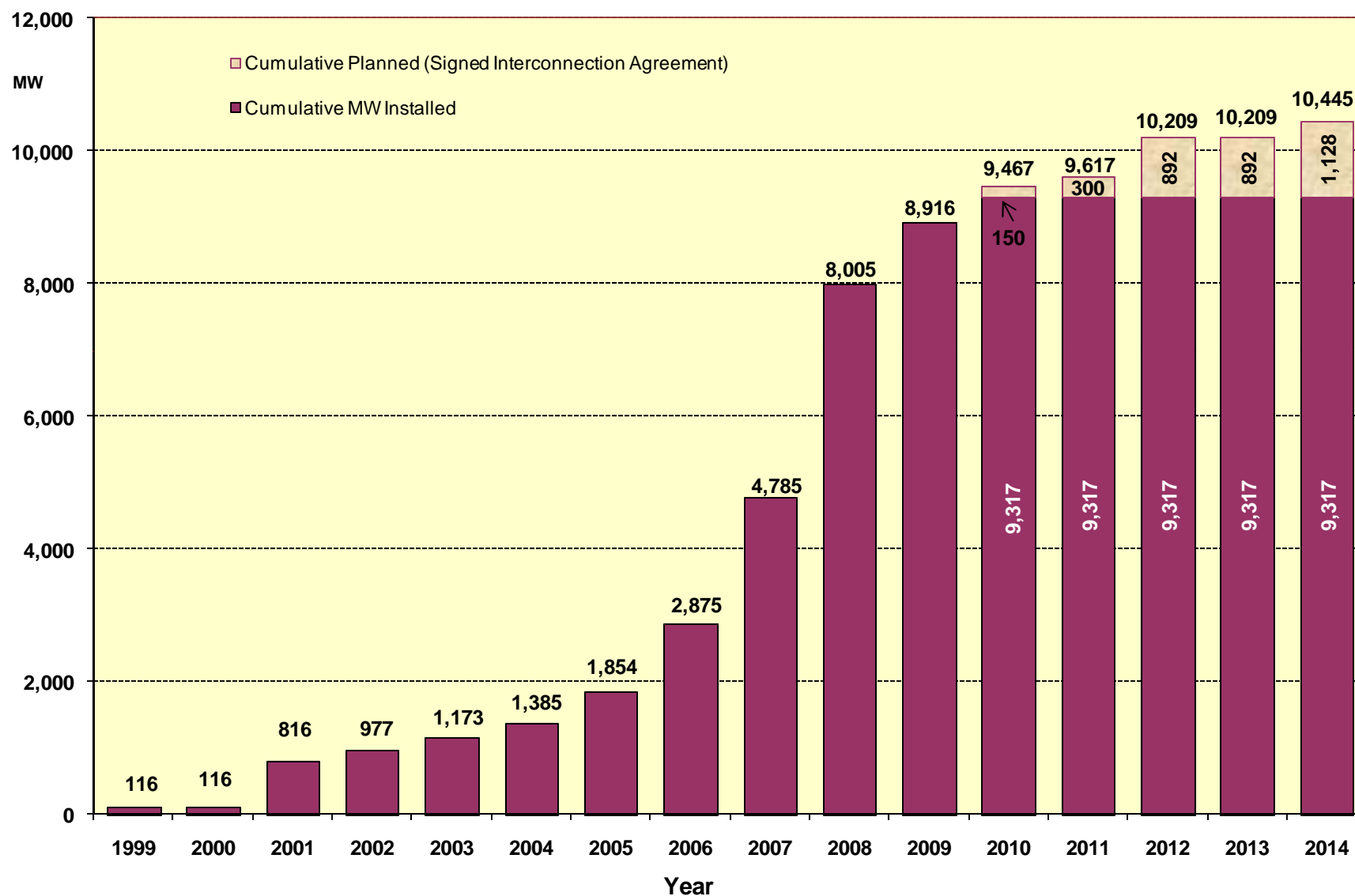
This makes Texas the largest wind power jurisdiction in North America (passing California in 2006)

- **We're studying ~ 41,000 MW in additional wind interconnection development**

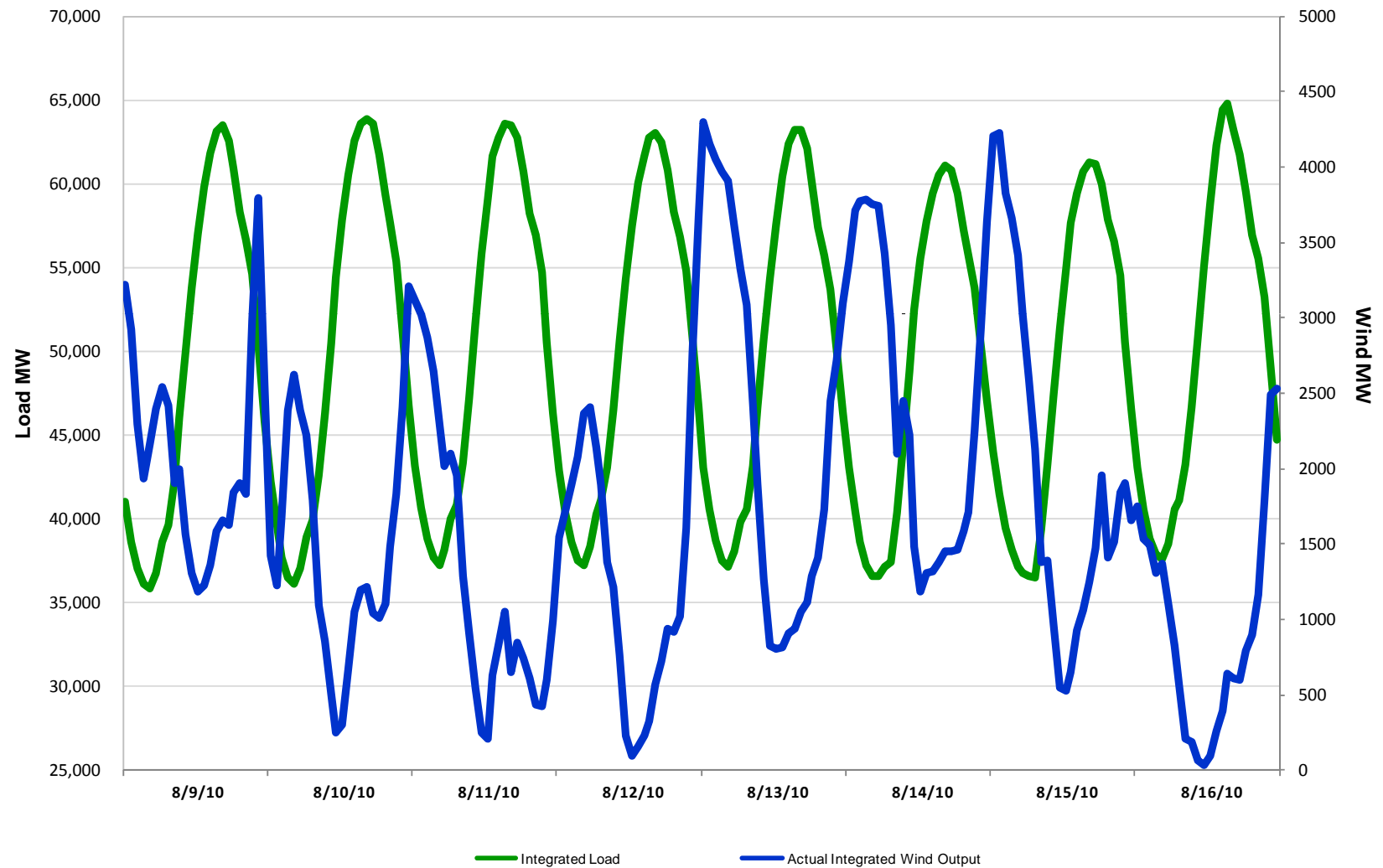
Additional bulk transmission lines are already needed in West Texas (independent of CREZ generation)



ERCOT Renewable Generation – Wind



Example: Challenge of Following Wind Variability



Conclusions

- Reserve margins appear to be steady over the next few years with a significant amount of generation under study; continued development of conventional generation is needed to meet load growth.
- Reducing the ERCOT market's reliance on natural gas capacity would have positive implications for reliability and price volatility. However, conventional generation is required to respond to the variable nature of renewable resources, such as wind.
- ERCOT is a world leader in wind generation and integration of renewable resources.
- Demand response will be an integral part of meeting Texas' energy needs in the future and will affect ERCOT's load forecasts going forward.
- Nodal will help in responding to steep ramps of variable generation. Nodal is likely to influence Reserve Margins in out years.