

Status Update of *The Brattle Group*'s Evaluation of ERCOT Investment Incentives

Prepared for: The Electric Reliability Council of Texas

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Objectives

Approach

Next Steps



Study Objectives

- Identify, describe, and rank the relevant factors that influence investment decisions by the development and financial community related to new capacity additions, capacity retirements, and repowering projects in ERCOT
- Evaluate the current drivers from both a wholesale and retail perspective that influence resource investment decisions in the ERCOT market
- Provide suggestions for ways to enhance favorable investment outcomes for long-term resource adequacy in ERCOT

Approach

Interview stakeholders regarding investment criteria and concerns

- Independent Power Producers and their Lenders
- Power Marketers
- Municipal Electric Utilities and Electric Power Cooperatives
- Load Representatives
- Demand Response Aggregators

Analyze likely outcomes under current and proposed rules

- Estimate whether prices are likely to be high enough often enough to support investments and achieve the target reserve margin
- Incorporating substantial data and technical support from ERCOT

If we find that resource adequacy shortfalls are likely, evaluate the pros and cons of a range of policy options



Review initial findings and draft report with ERCOT staff by May 1

Present initial findings and evaluation of options to ERCOT Board for feedback at May meeting

Release final report on June 1

