

PROJECT NO. 37897

PUC PROCEEDING RELATING TO § PUBLIC UTILITY COMMISSION
RESOURCE AND RESERVE ADEQUACY §
AND SHORTAGE PRICING § OF TEXAS

ERCOT’S RESOURCE ADEQUACY STATUS REPORT

Electric Reliability Council of Texas, Inc. (ERCOT), submits the attached *Resource Adequacy Status Report* (Attachment A to this filing). This status report is being presented to the ERCOT Board of Directors at its May 15, 2012 meeting as a “Preview of Summer 2012.” The presentation includes updates on weather and drought conditions, a summary of the Seasonal Assessment of Resource Adequacy (SARA) report issued by ERCOT on May 1, 2012, and a review of actions taken by the Commission, ERCOT, and the stakeholder community to address resource adequacy issues as ERCOT enters the peak Summer season.

ERCOT will be available to discuss the information in the presentation at the Commission’s May 18, 2012 Open Meeting.

Respectfully submitted,

By: _____

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COUNCIL OF TEXAS, INC.

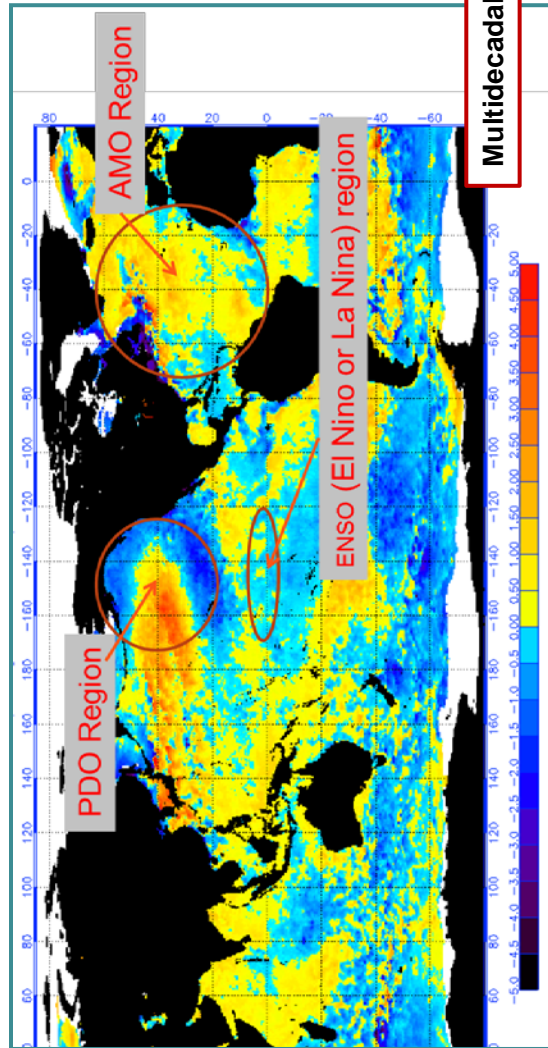
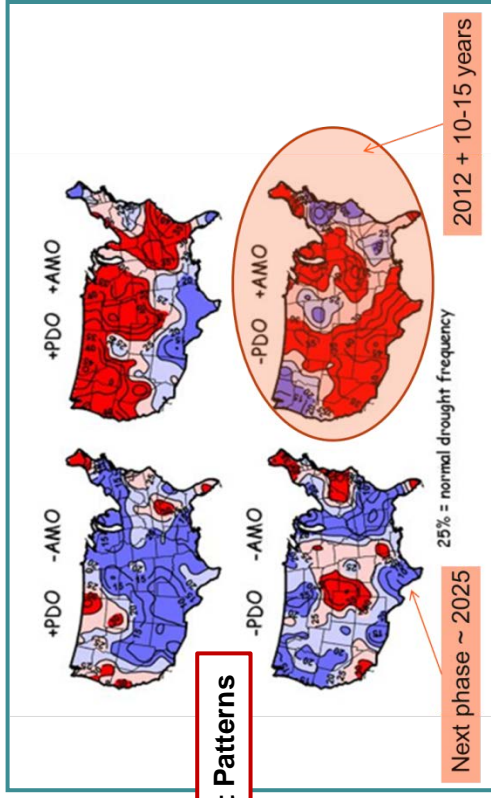
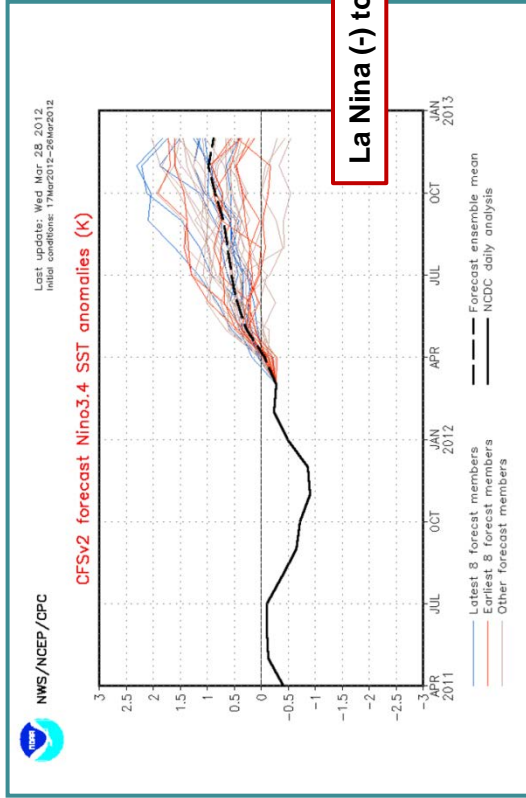
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PREVIEW OF SUMMER 2012

MAY 18, 2012

SUMMER 2012 WEATHER DEVELOPMENTS



Long Term Forecast – Contributing Factors

- Variations in SST (Sea Surface Temps)
 - El Niño (+) & La Niña (-)
 - Pacific Decadal Oscillation (PDO)
 - Atlantic Multidecadal Oscillation (AMO)
- Certain shorter term phenomena (e.g. North Atlantic Ocean Blocking) can only be forecasted 10-14 days out – such effects are not included in longer term forecasts

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ERCOT Summer Weather Issues

- Drought
- Flooding
- Heat
- Tropical Weather

Summer Weather Outlook

- 2011 an outlier for heat and drought
- El Niño expected this summer
- Past years (1951, 1963, 1976, 2006 & 2009), La Niña transitioned to El Niño during summer:
 - Warmer than normal temperatures
 - Lower than normal rainfall
- Climate models suggest:
 - Warmer spring followed by normal temperatures for summer
 - More variable rainfall from spring through summer
- Texas in more drought-prone period that could persist for next decade

2012 Storm Threat

- Early season storms expected in Gulf of Mexico due to above-normal water temperatures
- Lower seasonal threat
- El Niño-related wind shear increases later in the season to hinder storm development

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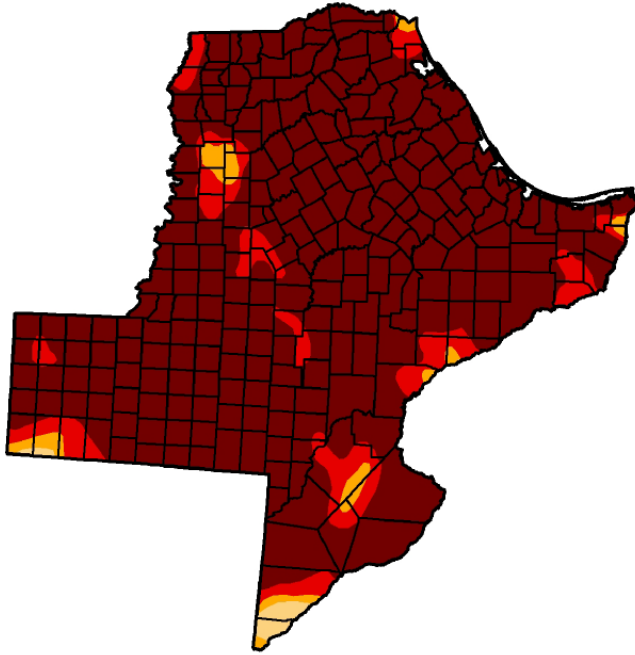
U.S. Drought Monitor

Texas

October 4, 2011
Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	100.00	99.16	96.99	87.99
Last Week (09/27/2011 map)	0.00	100.00	100.00	99.16	96.65	85.75
3 Months Ago (07/05/2011 map)	2.41	97.59	95.73	94.39	90.21	71.30
Start of Calendar Year (12/28/2010 map)	7.89	92.11	69.43	37.46	9.59	0.00
Start of Water Year (09/27/2011 map)	0.00	100.00	100.00	99.16	96.65	85.75
One Year Ago (09/28/2010 map)	75.57	24.43	2.43	0.99	0.00	0.00



Intensity:

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu>



Released Thursday, October 6, 2011

U.S. Drought Monitor

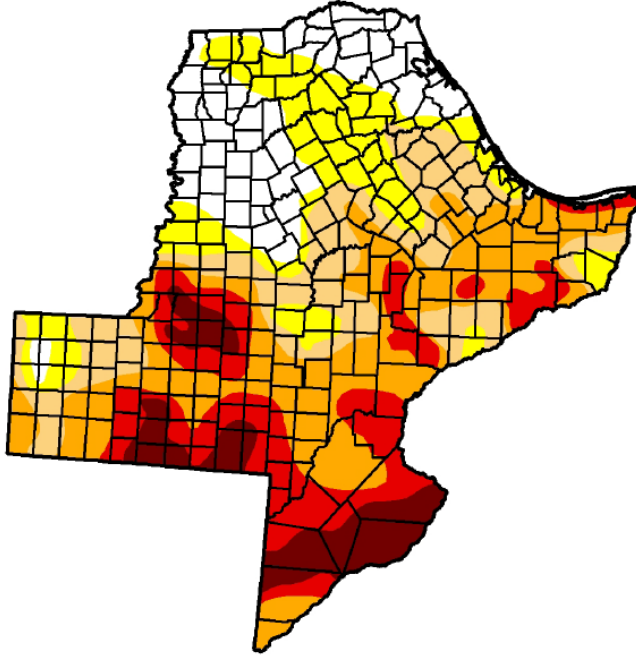
Texas

May 1, 2012
Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	17.09	82.91	66.59	49.70	24.72	8.70
Last Week (04/24/2012 map)	18.60	81.40	62.79	46.64	25.42	9.31
3 Months Ago (01/31/2012 map)	4.93	95.07	90.66	80.78	59.79	27.36
Start of Calendar Year (12/27/2011 map)	0.01	99.99	97.83	84.81	67.32	32.36
Start of Water Year (09/27/2011 map)	0.00	100.00	100.00	99.16	96.65	85.75
One Year Ago (04/26/2011 map)	0.00	100.00	100.00	94.97	70.42	17.16

Intensity:



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



<http://droughtmonitor.unl.edu> Released Thursday, May 3, 2012
 Matthew Rosencrans, Climate Prediction Center/NCEP/NWS/NOAA

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- **Tight reserves = significant chance for multiple Energy Emergency Alerts**
 - Not likely to result in the need for rotating outages
- **If higher-than-normal number of forced generation outages during peak or record-breaking weather conditions similar to last summer, ERCOT system likely to have insufficient resources available**
 - Would result in the need for rotating outages to maintain grid stability
- **Improved drought conditions in many river basins**
 - Reservoir levels not expected to affect power plant operations this summer
 - Potential risks to generation capacity continue while Texas remains under drought conditions

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SARA SUMMER 2012 FINAL REPORT

Item	Summer 2012	Base Case	Extreme Load & Typical Gen Outages	Extreme Load & Extreme Gen Outages
1	Total Resources		73,853	
2	Base Case Peak Demand		67,492	
3	Uses of Reserve Capacity	3,790	7,371	9,438
4	Capacity Available for Operating Reserves* (1-2-3)	2,571	-1,010	-3,077
5	Demand Adjustment during Scarcity**		750	
6	Adjusted Capacity Available for Operating Reserves (4+5)	3,321	-260	-2,327

*Less than 2300MW indicates risk of EEA1

**Represents effects of price responsive demand, conservation appeals, demand programs, etc. based on summer 2011 experience; does not include Load Resource or Emergency Response Service (ERS) activation

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Completed

- Online Non-Spin standing deployment & offer floor
- Offline Non-Spin offer floor
- Responsive Reserve & Regulation Up offer floor
- Institutionalized the process to recall mothball units for capacity
- Pricing of energy for Reliability Unit Commitment (RUC) units deployed for capacity at System Wide Offer Cap
- Expansion of Responsive Reserve with a corresponding reduction in Non-Spin
- EILS service expanded to Emergency Response Service (ERS)

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Work In Progress

- **Brattle Group Study**
- **Evaluate**
 - Raising the System Wide Offer Cap
 - The proper magnitude and slope of the Power Balance Penalty Curve
- **Posting non-binding near real-time forward prices**
- **ERS Demand Response pilot & Load Management Initiatives**

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- **Completed 4 sector group interviews and 33 individual interviews from the full spectrum of stakeholders**
- **Characterized investor types and their investment criteria**
- **Completing simulation analysis of current and proposed rules for scarcity operations and pricing, expected generator revenues, potential investment, and resulting reliability**
- **Report will include Brattle’s evaluation of the pros and cons of a range of market design options for meeting a range of resource adequacy objectives**

Report to be released June 1

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CONSERVATION MESSAGES – ERCOT & PUCT

[About ERCOT](#) | [Services](#) | [Committees and Groups](#) | [Market Rules](#) | [Market Information](#) | [Grid Information](#) | [News](#) | [Careers](#) | [Feeds](#) | [FAQ](#)

The Electric Reliability Council of Texas ensures a reliable electric grid and efficient electricity markets.

LEARN ABOUT ERCOT
 What is ERCOT's role?
 How to participate in the Texas electricity market.
 Save with renewable energy.

Find ERCOT Quick

MARKET CONDITIONS
 Current System Conditions
 Select One
 Real-Time Market
 Select One
 Day-Ahead Market
 Select One
 CRR Information
 Select One

VIEW MARKET RULES
 Protocols and Market Guides
 Select One
 Revision Requests
 Select One
 Compliance Information
 Select One

TODAY'S OUTLOOK
 Forecast Peak: 34,808 MW
 Current System Load: 32,179 MW
 Feb 01, 2012 - 10:25

GRID CONDITIONS
 NORMAL CONDITIONS
 Conservation Encouraged

POWER WATCH
Conservation Needed

POWER WARNING
Conservation Critical
Risk of Rotating Outages

POWER EMERGENCY
Rotating Outages in Progress
Conservation Critical

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ERCOT_ISO.ERCOT
 ERCOT in level 2 emergency: Consumers asked to conserve 3-7 p.m. today. [ercot.com/newspress_rel...](#)
 24 Aug 11 | [Favorite](#) | [Reply](#) | [Delete](#)



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 >> Kenneth W. Anderson, Jr. Commissioner
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Conservation Alerts
 Normal Conditions
 Watch here for important updates.

Conservation Needed Power Watch
 On YELLOW days, extra conservation measures are urged during the peak usage hours. A YELLOW Alert will be declared for extremely hot, leading to record or near-record electricity demand and unexpected power plant outages can be expected or actual declaration of Level 1 of ERCOT's Emergency Alert. An inability to obtain additional generation deployment of interruptible loads such as large industrial customers as much as possible during the peak electricity usage hours.

- Turn off all unnecessary lights, appliances, and electric fans in occupied rooms to make it feel cooler.
- When away from home, set air conditioning thermostats closing blinds or drapes on windows that will get direct sunlight during the day.
- Do not use your dishwasher, laundry equipment, hair dryer, or other appliances during the peak usage hours of 3 p.m. to 7 p.m.
- Avoid opening refrigerators or freezers more than necessary.
- Cook in the microwave instead of the electric range.
- Set your pool pump to run in the early morning or late afternoon.
- Check out other no- or low-cost conservation tips and tricks by clicking on the links to the right.
- Go to www.powertochoose.org to see if you can save money by switching to a different electric provider. Your choice of electric provider does not affect the reliability of the electric grid. The time it will take to have your electric service restored.

Conservation Critical Power Warning
 On RED days, conservation is critical to avoid Electricity Emergency Alerts. Red alerts are declared when all interruptible load use is as much as possible to avoid outages. During a RED Alert (EEA), which includes the deployment of emergency interruptible loads, conservation is critical to avoid Electricity Emergency Alerts. Red alerts are declared when all interruptible load use is as much as possible to avoid outages. During a RED Alert (EEA), which includes the deployment of emergency interruptible loads, conservation is critical to avoid Electricity Emergency Alerts.

PLUS
 • News release
 • Automated emergency notification message to major media

AND INTRODUCING ... ERCOT MOBILE APP

HOME CONSERVE QUICK FACTS

NORMAL CONDITIONS
Conservation Encouraged

Electricity demand and current load are balanced. There are no issues at this time. Should conditions change, ERCOT will proceed with the Energy Emergency Alerts.

Want to help conserve more electricity? Raise your thermostat 2°.

Forecast Peak: 49,300 MW
Current System Load: 48,592 MW

The graph shows a typical daily load curve with a peak of approximately 49,300 MW and a minimum of about 27,500 MW.

HOME CONSERVE QUICK FACTS

NORMAL CONDITIONS
Conservation Encouraged

Electricity demand and current load are balanced. There are no issues at this time. Should conditions change, ERCOT will proceed with the Energy Emergency Alerts.

ERCOT
Want to help conserve more electricity? Turn up your thermostat 2 degrees before you leave home today.
Forecast Peak: 52,437 MW

OK

The graph shows a typical daily load curve with a peak of approximately 52,437 MW and a minimum of about 30,000 MW.

HOME CONSERVE QUICK FACTS

Air Conditioners

- Check your air conditioning ducts for any leaks and seal them with mastic tape if needed. Caulk and weather-strip doors, windows and pipe clearances to save as much as 10% on cooling costs.
- Check air conditioner filters every month and replace them every three months. Dirty filters make your system run and work harder.
- Have a licensed contractor inspect and maintain your air-conditioner in the spring or fall to make sure it is running efficiently.
- If your air conditioner is more than 15 years old, consider replacing it with a newer, more efficient model that can use up to 40% less energy than older models. Ensure any new unit is properly sized and correctly installed. Bigger is not always better.

HOME CONSERVE QUICK FACTS

ERCOT Quick Facts

- 85% of Texas electric load
- 40,530 circuit miles of high-voltage (138 kV/345 kV) transmission
- 550 generation units
- 73,600 MW peak capacity
- 68,379 MW record peak demand
- 335 billion kWh energy produced (2011)

Primary responsibilities (from Texas Legislature)

- System reliability (planning and operations)
- Open access to transmission
- Retail switching process for customer choice
- Wholesale market settlement for electricity production and delivery

Wind power leader

- 9,600 MW capacity (most in nation)
- 2,000 MW coastal wind power (on-peak availability)

ERCOT Mobile App

- First release (Android & Apple) scheduled for June 2012
- Pop up notifications
- Applications for first release
 - Conservation Spotlight
 - Load Forecast versus Actual graph
 - ERCOT Conservation Tips
 - ERCOT Quick Facts

000013