

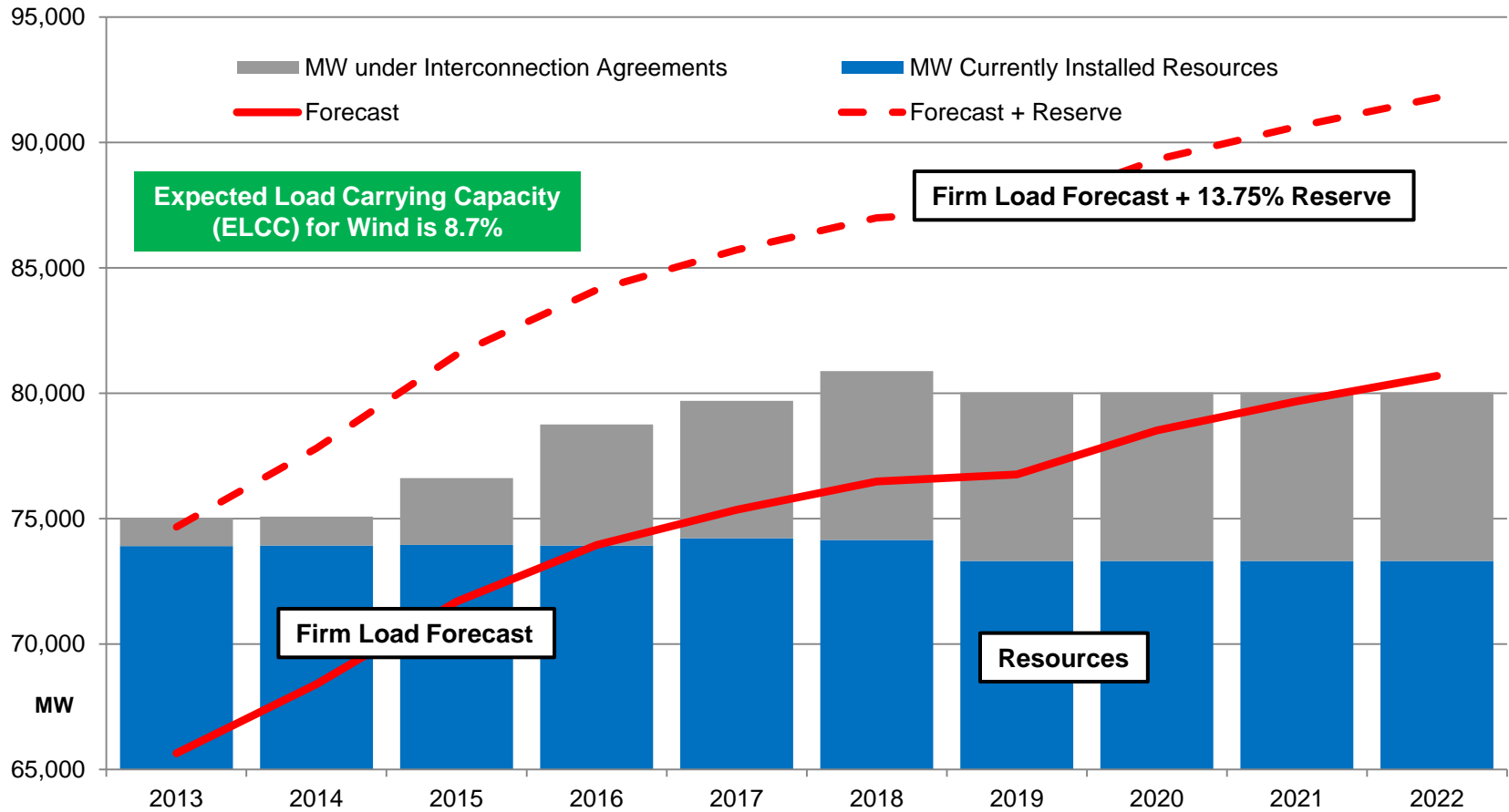


**RESOURCE ADEQUACY CHALLENGES
STATE AFFAIRS COMMITTEE
TEXAS HOUSE OF REPRESENTATIVES**

**Trip Doggett
President & CEO
ERCOT**

October 24, 2012

MAY 2012 RESERVE MARGIN OUTLOOK (UPDATED IN DECEMBER)



- **Ensure that reliability steps taken by ERCOT during times of extremely high demand do not inadvertently create price signals that discourage new generation investment.**
- **Expand ERCOT's toolkit for addressing shortage/emergency conditions.**
- **Sponsor and conduct analysis of the ERCOT market to provide policymakers the detailed information needed to assess alternatives.**

SPECIFICS: PUC AND ERCOT ACTIONS TO PROMOTE RESOURCE ADEQUACY

- **Established process for recalling mothballed units for capacity use**
- **Expanded Emergency Response Service (ERS) (formerly EILS)**
- **Launched 30-minute ERS pilot to enhance demand response**
- **Improved how certain ancillary services are priced and deployed to help ensure adequate resources in emergencies (i.e., Responsive Reserves, Non-spin Reserves, Regulation Up services)**
- **Contracted with the Brattle Group for resource adequacy study**
- **Raised System-wide Offer Cap to \$4,500 (effective Aug. 1, 2012)**
- **Set System-wide Offer Cap as price for use of Reliability Unit Commitment (RUC) units called upon in scarcity conditions**
- **Increased consumer outreach efforts and information options during high-demand periods**
- **Evaluated extent of existing non-ERCOT load management activities in ERCOT region**
- **Began posting non-binding real-time wholesale prices for next hour to inform consumers who reduce demand in high prices**