



ERCOT Update

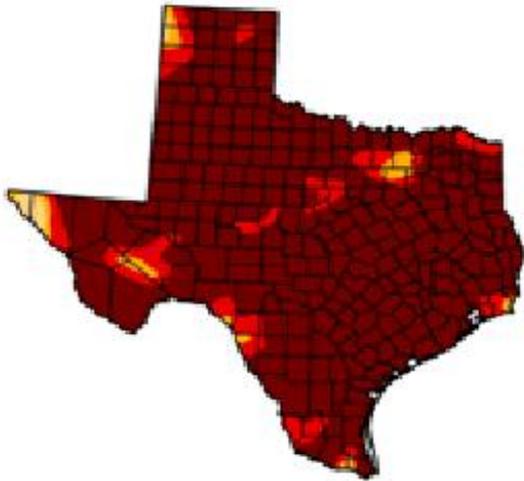
Kent Saathoff

**Vice President, Grid Operations and System
Planning**

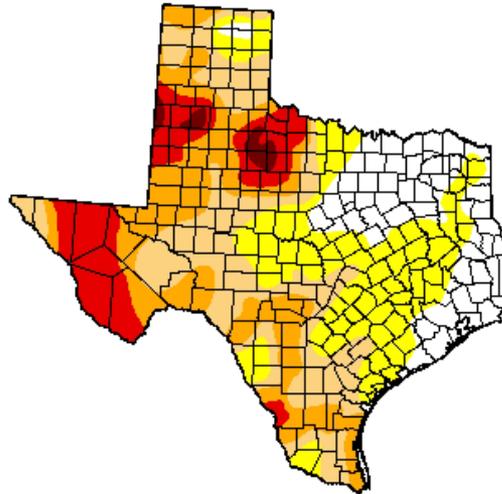
Business and Commerce Committee

January 29, 2013

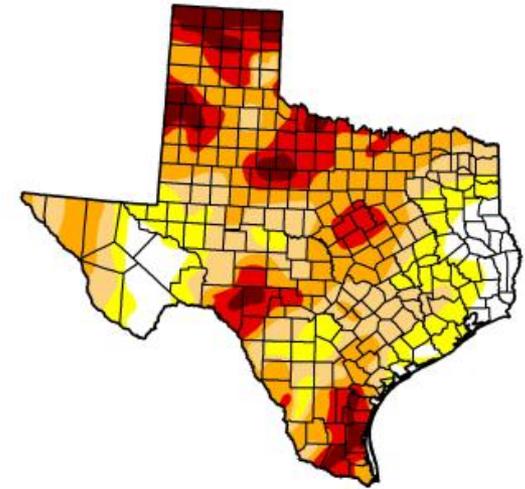
U.S. Drought Monitor Texas



October 4, 2011



May 15, 2012

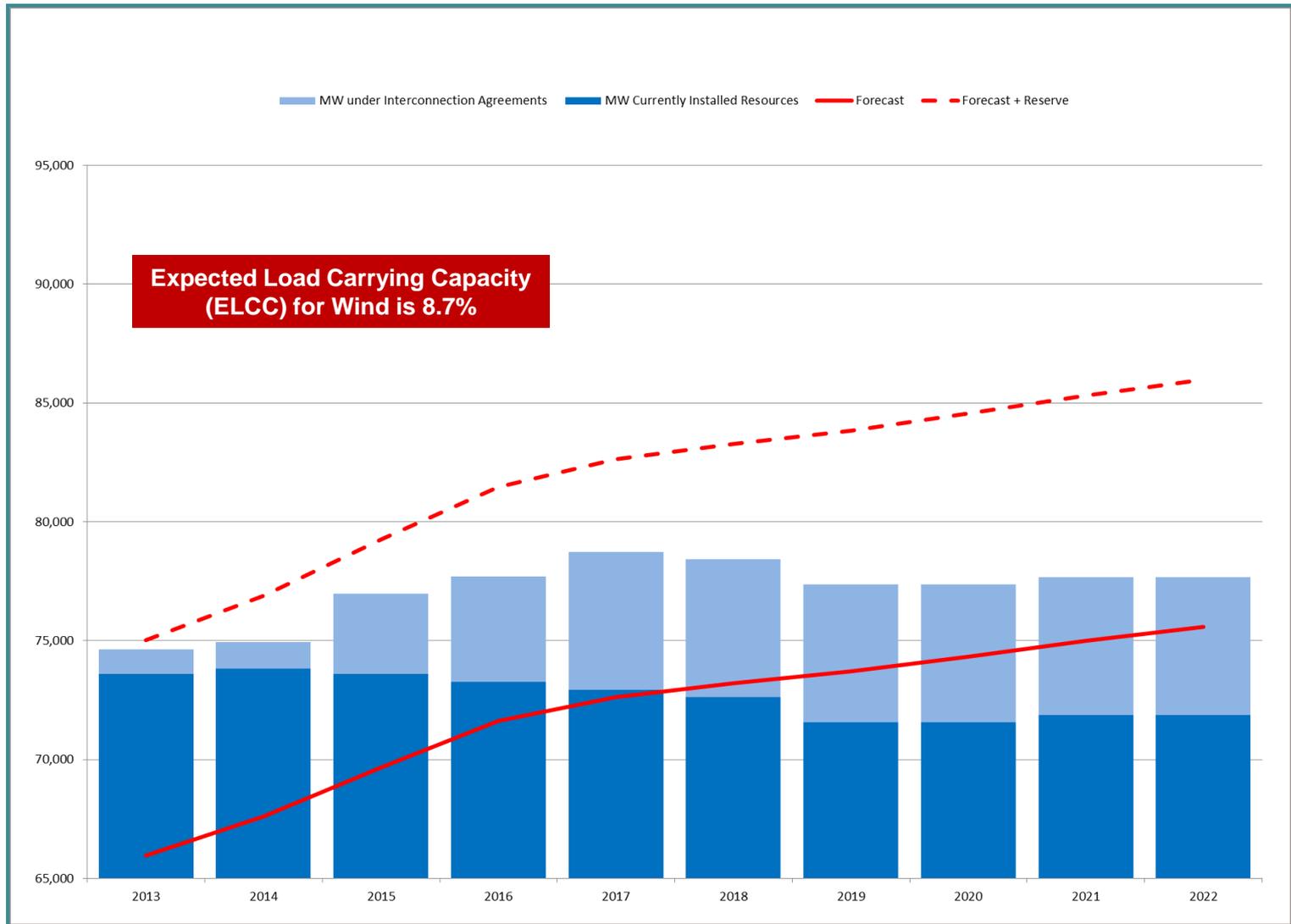


January 22, 2013

Intensity:



DEC 2012 CAPACITY, DEMAND AND RESERVES REPORT (CDR)



- **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.**

- **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**

Reserve Margin

- The study to help determine if reserve margin needs to be revised upward is going through stakeholder processes.
- Study results likely will be presented at the ERCOT Board of Directors meeting in March or May 2013.
 - Wind power from coast and west Texas may be counted separately. Coastal number could be significantly higher.

Seasonal Assessment of Resource Adequacy – March 1

- Short-term look at resources available to meet seasonal demand
- Report will show final numbers for spring, first look at summer

PUC Workshop – March 13

- Demand Response
- Capacity, Demand and Reserves report inputs