



Item 8: Update on Future Ancillary Services Team (FAST) Activity

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Drivers for new AS Framework

Current AS Framework has performed well but has limitations:

- Resources could provide some services more efficiently if the requirements were ‘unbundled’
- The increased capacity of emerging technologies and the displacement of conventional generation changes the grid’s dynamic response
- Inability to fully utilize new technologies (e.g. storage resources, combined cycles with duct firing, and Load Resources) to provide AS within existing framework

‘Operational Reliability and Flexible Market Design’

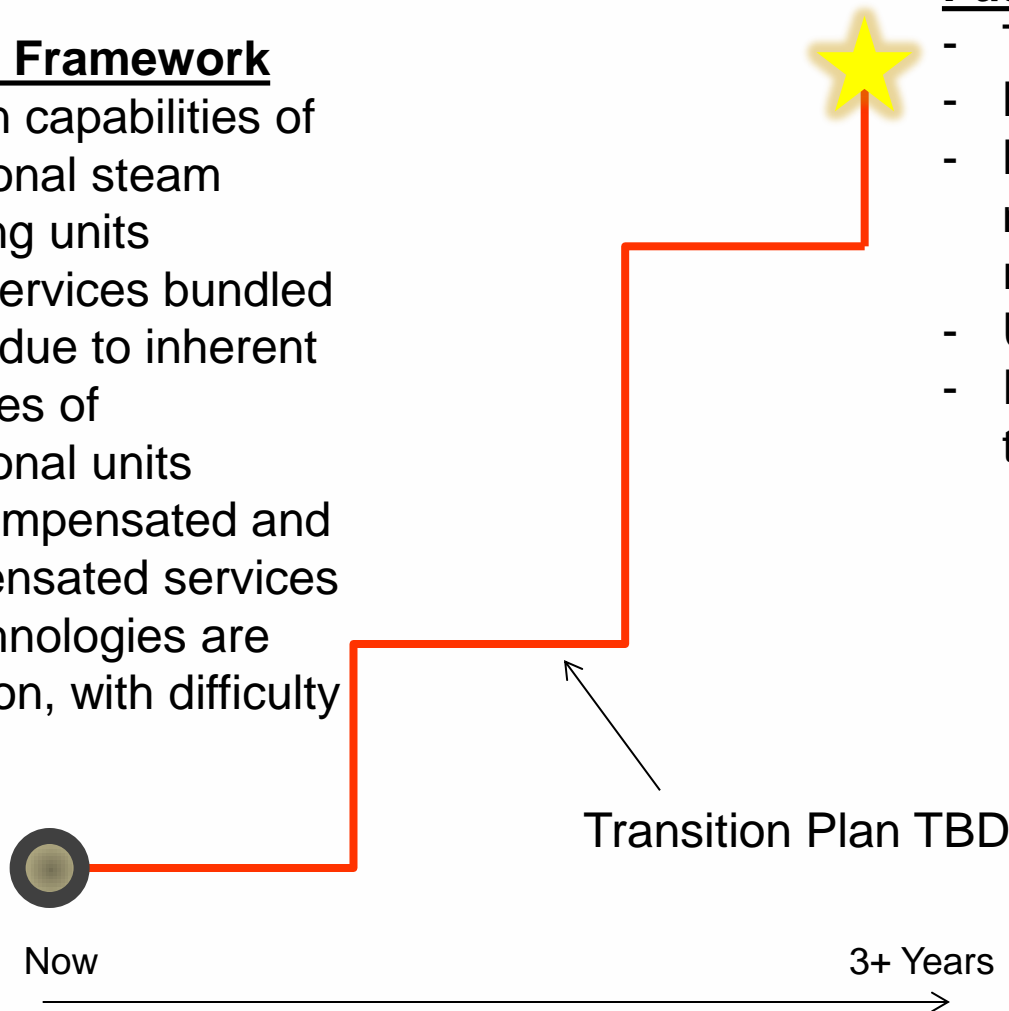
Goal

Current AS Framework

- Based on capabilities of conventional steam generating units
- Unique services bundled together due to inherent capabilities of conventional units
- Mix of compensated and uncompensated services
- New technologies are cobbled on, with difficulty

Future AS Framework

- Technology neutral
- Market-based
- Based on fundamental needs of the system, not resource characteristics
- Unbundled services
- Flexible for new technologies



Scope of Proposed AS Framework

AS framework intended to guide:

- Requirements for changes to ERCOT systems (EMMS, etc.)
- Investment in new resources and new resource types

Framework must include roadmap for transition from current to future framework:

- Prioritization of services to be transitioned
- Inter-relationship of services that must transition concurrently
- High-level consideration of ERCOT systems and market impacts

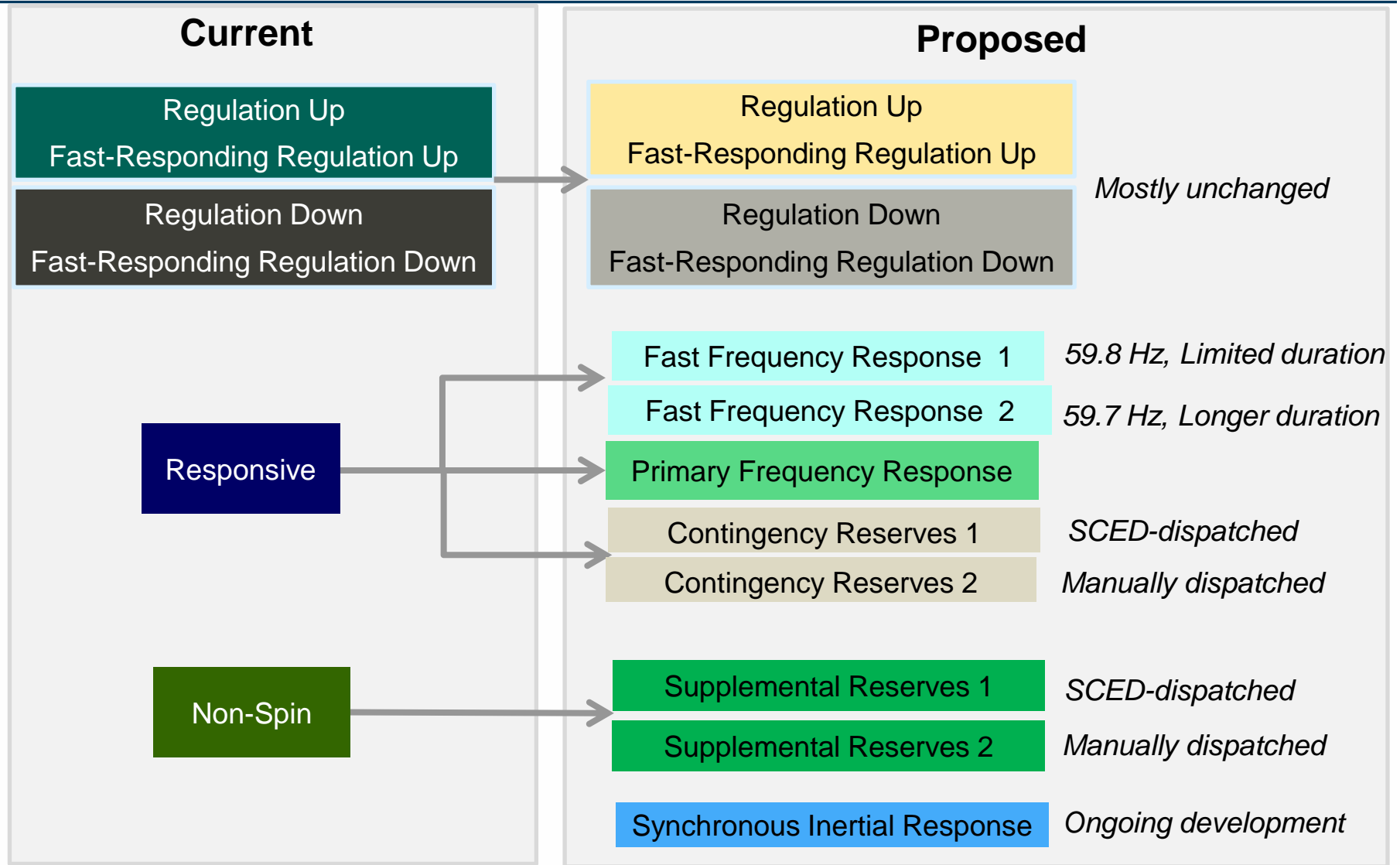
Recap

1. Original Concept Paper provided 9-27-13
2. Concept Paper version 1.1 provided 11-1-13 which incorporated written comments and info received at the October 2013 Workshop
3. Weekly work sessions began in January 2014 (17 meetings so far in 2014)
4. 15 sets of comments from Market Participants on the “Consolidated Working Document” reviewed in June 2014
5. Draft NPRR (based on “Consolidated Working Document” and discussion) posted 6-26-14 to the “key documents” area on FAST meeting page at:
<http://www.ercot.com/committees/other/fast/index.html>

Next Steps

1. Two FAST-TAC meetings to review Draft NPRR: July and August
2. Comments on Draft NPRR expected September 15, 2014
3. Revise the Draft NPRR and submit the numbered NPRR October 15, 2014
4. Cost-Benefit Analysis is expected to be provided within a few weeks after the NPRR is submitted
5. FAST will continue to work on how to address pay for performance and Inertia Service

Proposed Transition to Future Ancillary Services



Potential Benefits With New AS Framework

- The unbundling of the AS services will remove certain barriers (technology neutral), and allow more suppliers to provide the required Ancillary Services.
- The determination of the required amounts of AS on a more granular level improves overall efficiency in procurement while meeting technical needs.
- More clarity on the performance expected from the Resources providing AS will drive the better performers into the market.

Questions?
