



RFP Update on Must Run Alternative (MRA) for Greens Bayou #5

RPG Meeting
June 21, 2016

Background

On March 29, 2016, NRG Texas Power LLC submitted a Notification of Suspension of Operations (NSO) for the indefinitely suspension of Greens Bayou Unit 5 (371 MW) located in Harris County starting on June 27, 2016

On May 27, 2016, ERCOT completed the final RMR assessment and concluded that the Generation Resource is needed for Reliability Must-Run (RMR) Service

On June 2, 2016, ERCOT executed a Standard Form Reliability Must-Run Agreement with NRG.

On June 14, 2016, the ERCOT Board of Directors approved a 25-month term RMR agreement between ERCOT and NRG extending from June 1, 2016 through June 30, 2018.

Green Bayou 5 - RMR Study & Conclusions

- ❑ Summer 2016 and 2017 condition:
 - Thermal violations noted under several G-1 + N-1 conditions with and without the Greens Bayou 5
 - Addition of future planned generation resources does not resolve the thermal violations
 - None of the RMR alternatives specified in the protocols represent a viable option for summer 2016
 - Operational mitigation plan would require load shed

- ❑ No thermal violations under Winter 2016 - 2017 condition

- ❑ Summer 2018 condition:
 - The Houston Import Project (projected in-service date of May 2018) resolves the reliability violations

Exit Strategy from an RMR agreement (Protocol Section 3.14.1.4)

- ❑ Through the ERCOT System planning process, ERCOT shall develop a list of potential alternatives to the service provided by the RMR Unit.
- ❑ At a minimum, the list of potential alternatives that ERCOT must consider include, building new or expanding existing Transmission Facilities, installing voltage control devices, soliciting or buying by auction interruptible Load from Retail Electric Providers (REPs), or extending the existing RMR Agreement on an annual basis.
- ❑ If a cost-effective alternative to the service provided by the RMR Unit is identified, ERCOT shall provide a proposed timeline to study and/or implement the alternative.

Potential Alternatives to RMR (Protocol Section 3.14.1.5)

ERCOT may negotiate a contract(s) for an MRA Resource(s) that:

- a) Technically provides an acceptable solution to the reliability concern that would otherwise be solved by the RMR Unit(s);
- b) Will provide a more cost effective alternative to continued service by the RMR Unit (evaluated over the exit strategy period); provided, however, that no proposed MRA Resource will be considered if it does not provide at least \$1 million in annual savings over the projected net annualized costs for the RMR Unit; and
- c) Satisfies objective financial criteria to demonstrate that the seller is reasonably able to fulfill its performance obligations as determined by ERCOT.

Preliminary Timeline (subject to change)

7/8/2016: RFP Release Date

7/15/2016: Questions Due from Offer Entities

7/22/2016: Response to Questions Provided by ERCOT

8/19/2016: Proposals Due

9/20/2016: ERCOT Presents to RPG

9/29/2016: ERCOT Presents to TAC

Issue a Market Notice on the intent to enter into an MRA Agreement(s) (if it is determined an MRA is appropriate)

6/1/2017: First Day MRA Resources need to be available

Questions?