

ERCOT 2018-19 Budget

The Electric Reliability Council of Texas (ERCOT), which operates the electric grid and manages the competitive electric market that serves most of Texas, has submitted its [2018-19 budget](#) to the Public Utility Commission of Texas (PUC) for final approval. This biennial budget includes investments needed to enable the independent system operator (ISO) to continue providing electric power reliably and efficiently through an increasingly complex electric grid and electric market.

Budget summary

ERCOT anticipates maintaining a flat System Administration Fee for four years, through 2020. The 2018-19 budget is consistent with the approved 2016-17 biennial budget, and ERCOT will continue budgeting with a multi-year planning horizon.

The approved budget includes \$222 million for 2018 and \$228 million for 2019, including ERCOT operating expenses, project spending and debt service obligations for 2018 and 2019.

No change to System Administration Fee

Most of ERCOT's revenues come from a System Administration Fee, which is included in wholesale power bills and ultimately passed through to consumers. The approved budget includes no change to the System Administration Fee, which is 55.5 cents per MWh. The cost to operate the electric grid and market for most of Texas averages about 50-60 cents per month, or about \$7 per year, for the average residential household.

Efficient operations

ERCOT management and staff are dedicated to running efficient operations. In recent years, ERCOT has increased its efforts to actively manage vendor relationships, reduce costs through competitive processes, and carefully examine every hiring decision.

ERCOT management continues to seek opportunities to improve operational efficiency. System consolidation, automation and fast-path projects are among the initiatives to maximize efficiency. ERCOT will continue cost-management initiatives that have enabled the ISO to postpone or minimize fee increases in spite of additional costs associated with the increasingly complex electric market.

Budget drivers

In addition to maintaining consistency with the 2016-17 budget, ERCOT is committed to maintaining or improving the ISO's long-term financial integrity by continuing to decrease outstanding debt. ERCOT also has incorporated key initiatives to help address the changing resource mix, improve training and maintain complex hardware and software systems.

ERCOT continues to develop new tools and adapt its operating practices to manage a changing resource mix. The ISO also works with stakeholders to identify and implement rules to deliver grid reliability and support the success of the competitive market.