



ERCOT UPDATE

**SENATE BUSINESS AND COMMERCE
OCTOBER 9, 2012**

**Trip Doggett
President & CEO
ERCOT**

- **As expected, weather was hotter than normal (15-year average), but not as extreme as summer 2011.**
- **The peak demand of 66,626 MW was set June 26, unusually early in the summer, 1,753 MW less than the August 2011 peak of 68,379 MW.**
- **The summer 2012 SARA forecasted a peak of 67,492 MW.**
- **No significant challenges serving load:**
 - Fewer generation forced outages than last year, possibly due to temperatures and load not sustained at extreme levels
 - More rain in ERCOT region, so drought not a broad concern
 - One watch for Physical Responsive Reserve below 2,500 MW when two large generating units tripped off-line on July 30
 - No Energy Emergency Alert events
- **Four Transmission Watches issued for areas of South and West Texas due to high loads and some transmission outages:**
 - Load growth in West Texas due to gas and oil development creating more transmission congestion in the area

Fall 2012 (**Final**) & Winter 2012-13 (**Preliminary**)

- Sufficient installed generating capacity to serve forecasted peak demands with historical typical generation outages
- Persistent drought conditions in ERCOT not a threat to generation operations
- Can accommodate extreme load and extreme generation outage conditions in the Fall
- Under unlikely conditions of extreme load and extreme generation outages, possible risk of rotating outages in the Winter
- **Next SARA, final for Winter and preliminary look at Spring, to be released Nov. 1.**

- **Federal Energy Regulatory Commission workshop on Winter Preparation Sept. 25 at ERCOT Austin offices**
 - FERC, ERCOT, Texas Reliability Entity, generators and transmission operators shared best practices and lessons learned from the Feb. 2, 2011 outage event.
- **ERCOT steps to maintain grid reliability during extreme weather:**
 - Automated communications from the control room to provide real-time notification of grid events to interested audiences
 - Formalized procedures for communications with the State Operations Center, TCEQ and Railroad Commission.
 - Hosted “best practices” workshop for generators and transmission operators.
 - Expanded Emergency Response Services options
 - Conducted spot checks to verify implementation of weatherization plans at 23 sites last winter; plans to visit 40 sites this fall & winter
 - Created Seasonal Assessment of Resource Adequacy for more timely view of seasonal conditions
 - Contracted a Black and Veatch study which indicated that the risk of gas curtailment due to inclement weather that would be significant enough to affect electric reliability is low

WEST TEXAS CONGESTION

- Significant growth in West Texas electric demand, primarily due to increased oil and gas exploration and production
- Transmission grid increasingly congested (especially 69 kV system)
- Long-term solution = improve affected transmission system
 - First identified in the 2010 5-year Transmission Plan
 - Ongoing improvements scheduled for completion between December 2012 and end of 2014
 - Will help, but not eliminate, the problem
- Temporary solution = redirect power flows around two most congested facilities (not a summer option); should reduce congestion costs
- Other options and improvements:
 - Consumers with high congestion costs should review contracts with retail electric providers; explore opportunities to minimize exposure.
 - Increase awareness of Congestion Revenue Rights (CRR) market to hedge congestion-related pricing options
 - ERCOT to provide refresher training on hedging for retail electric providers and energy consultants Oct. 17 in Houston.
- PUC discussed West Texas congestion issue at Sept. 28 open meeting.

- Sept. 28 PUC open meeting: Brattle Group to conduct, provide additional analysis
 - Demand response potential, projected availability timeline in ERCOT
 - Detailed policy, market design alternatives based on resource adequacy proposals presented by Brattle, stakeholders
- Analysis due by Oct. 15, to be presented at Oct. 25 PUC workshop
- Next Capacity, Demand, Reserves report (10-year outlook) out in December