



ERCOT Update

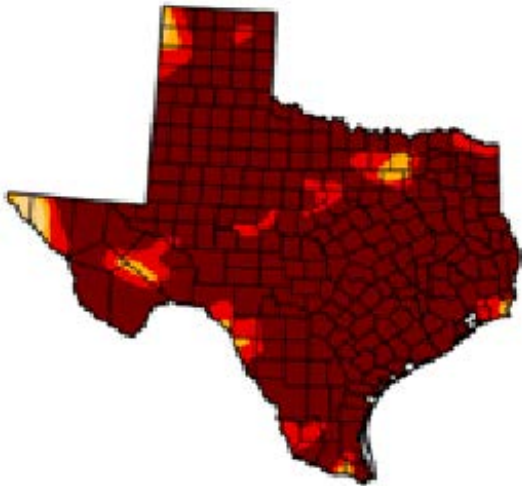
Kent Saathoff

Vice President, Grid Operations and System
Planning

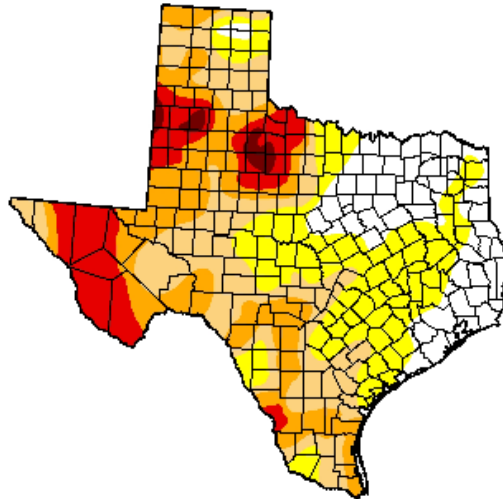
Business and Commerce Committee

January 29, 2013

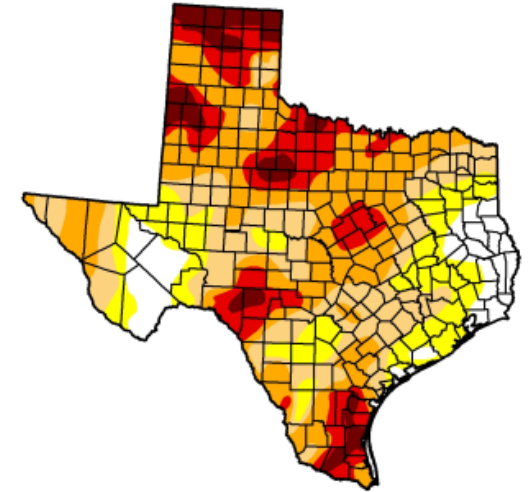
U.S. Drought Monitor Texas



October 4, 2011



May 15, 2012

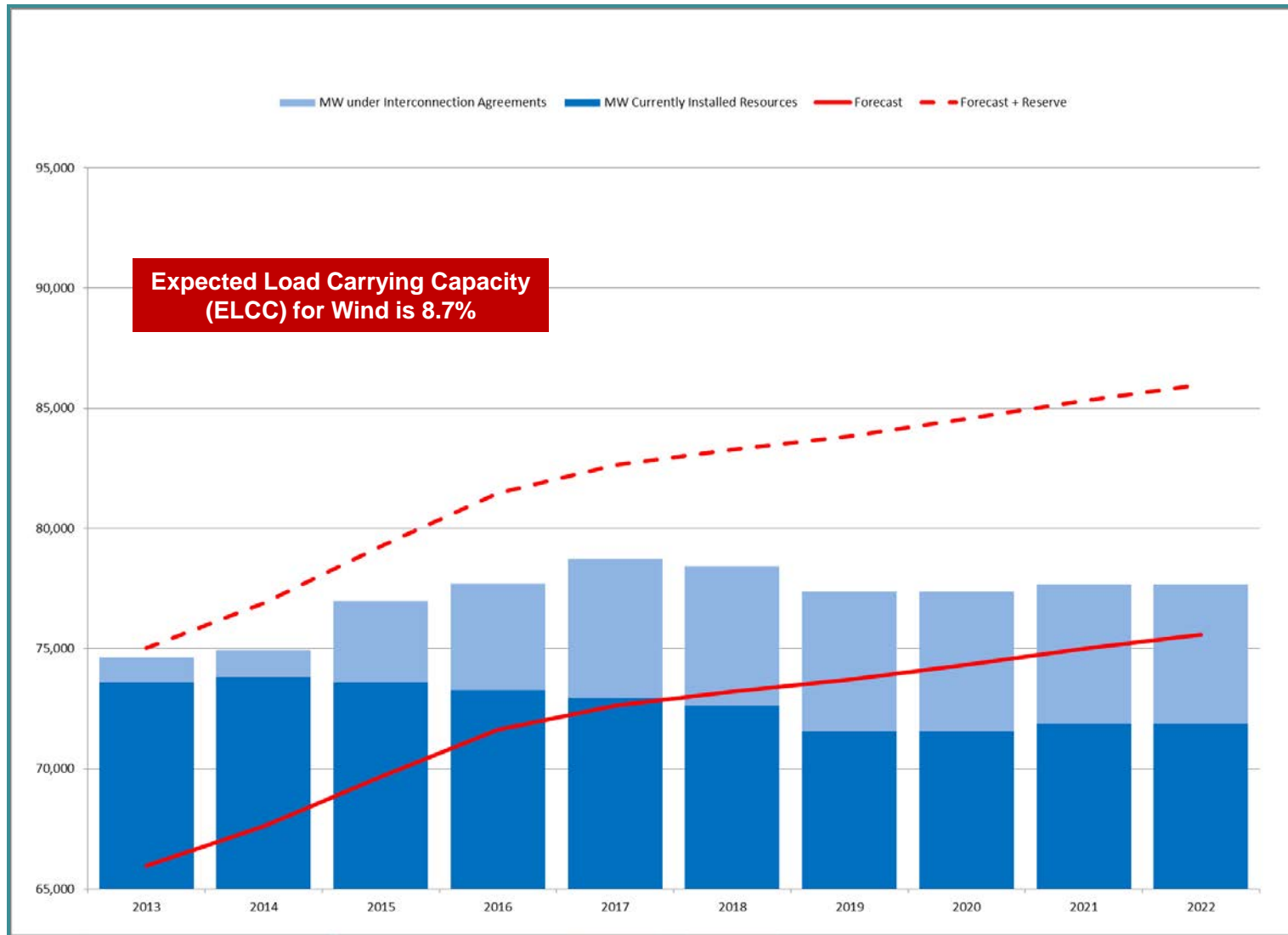


January 22, 2013

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.**

SPECIFICS: PUC AND ERCOT ACTIONS TO PROMOTE RESOURCE ADEQUACY

- **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 upwards is going through stakeholder processes
- Study results will likely be presented at the ERCOT Board of Directors meeting in March or May 2013
 - Wind 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, Reserves report inputs