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RESOURCE ADEQUACY STATUS REPORT  
JANUARY 26, 2012 PUCT OPEN MEETING

# RESOURCE ADEQUACY - UPDATE

Summer 2012	12/01/11 CDR for 2012	1/18/12 Current
Firm Load Forecast (MW)	64,618	64,618
Resources (MW)	72,444	*73,574
Reserve Margin (Target = 13.75%)	12.11%	13.86%

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## Returned to Service (MW)

Monticello 1&2 – 1130MW (as a result of a federal court's order to stay EPA's CSAPR)

# RESOURCE ADEQUACY ACTIONS – CATEGORY 1

Item	Complete	In Progress	Future	Notes
Online Non-Spin standing deployment & offer floor	X			<ul style="list-style-type: none"> <li>• NPRRs 426 /428</li> <li>• ERCOT Board approved 12/13/11</li> <li>• Implementation completed 1/5/12</li> </ul>
Offline Non-Spin offer floor	X			<ul style="list-style-type: none"> <li>• NPRR 428</li> <li>• ERCOT Board approved 12/13/11</li> <li>• Implementation completed 1/5/12</li> </ul>
Responsive Reserve & Regulation Up offer floor	X			<ul style="list-style-type: none"> <li>• NPRR 427</li> <li>• ERCOT Board approved 12/13/11</li> <li>• Implementation completed 1/5/12</li> </ul>
Institutionalize the process to recall units for capacity		X		<ul style="list-style-type: none"> <li>• NPRR 432</li> <li>• PRS voted Urgent status on 12/15/11</li> <li>• Special PRS meeting 1/9/12</li> <li>• Targeted for TAC discussion in Feb 2012</li> </ul>

# RESOURCE ADEQUACY ACTIONS – CATEGORY 2

Item	Complete	In Progress	Future	Notes
Expansion of Responsive Reserve with a corresponding reduction in Non-Spin		X		<ul style="list-style-type: none"> <li>Revised draft to be discussed at WMS &amp; ROS in Jan 2012, and TAC in Feb 2012</li> <li>Targeted for February Board approval</li> </ul>
The proper price for RUC units deployed for capacity		X		<ul style="list-style-type: none"> <li>WMS recommended to PRS a \$3000/MWh offer floor for value of "X" in in NPRR 435</li> <li>Scheduled to be discussed at the 1/19/12 PRS meeting</li> <li>Targeted for February Board approval</li> </ul>
The proper magnitude and slope of the Power Balance Penalty Curve		X		<ul style="list-style-type: none"> <li>Discussed at Reliability Deployment Task Force (RDTF) 12/20/11</li> <li>Scheduled to be discussed on 1/11/12 at WMS</li> </ul>

# RESOURCE ADEQUACY ACTIONS – CATEGORY 3

Item	Complete	In Progress	Future	Notes
Raising System Wide Offer Cap			X	
Low Sustainable Limit problem for units RUC'ed online for capacity			X	<ul style="list-style-type: none"> <li>• RDTF subgroup to bring proposals to the next RDTF meeting 1/27/12</li> </ul>
Compensation for Reliability Unit Commitments made to provide local reliability and transmission relief and address the issue of whether and how RUC claw-back should be adjusted			X	<ul style="list-style-type: none"> <li>• On 11/17/11 NPRR 416 was tabled at PRS because of potential dependency on NPRR 435 (RUC Offers)</li> </ul>
Review Peaker Net Margin Cap			X	

# RESOURCE ADEQUACY – POTENTIAL FOR SUMMER 2012

Item	Complete	In Progress	Approximate MW Range	Notes
Mothballed Units which could return to service		X	0 – 2,750	<ul style="list-style-type: none"> <li>• 1 month – 300 MW</li> <li>• 3 months – 1150 MW</li> <li>• 4 months – 450 MW</li> <li>• 6 months – 600 MW</li> <li>• Unknown – 250 MW</li> <li>• 420 MW already included in 2012 CDR</li> </ul>
Proposed EILS Rule Change		X	130 – 200	<ul style="list-style-type: none"> <li>• PUC Proj. No. 39948, comments due 1/30/12</li> <li>• ERCOT Staff exploring options for 30-minute Emergency Response Service pilot</li> <li>• Tight timeline to implement changes for June to September 2012 contract period</li> </ul>
Distribution Load Aggregation		X	TBD	<ul style="list-style-type: none"> <li>• More accurate estimate for summer 2012 being prepared based on data from potential provider(s)</li> </ul>
Transmission and Distribution Utility Load Management Programs		X	112 – 354	<ul style="list-style-type: none"> <li>• 112 MW under Load Management in 2011</li> <li>• 178 MW in 2012 with “Business as Usual”</li> <li>• 354 MW in 2012 with increased Load Management</li> <li>• Most MWs have a max of 4 deployments per summer, and a max event duration of 4 hours</li> </ul>
Posting non-binding near real-time forward prices		X		<ul style="list-style-type: none"> <li>• ERCOT Board approval 12/13/11</li> <li>• Implementation planned for June 2012</li> </ul>

# DROUGHT IMPACT ASSESSMENT

- Persistent drought conditions are impacting electric generation resources, but are unlikely to cause significant generation shortfalls in 2012
- If the drought continues into 2013, consequences to electric generation availability are likely to become more severe
- On February 27, 2012, ERCOT will host a drought workshop with generation and transmission entities to coordinate “best practices” in the electric sector
- ERCOT will continue to monitor and analyze conditions and provide updates on a regular basis