

PMVictoriaESPPEm Resource

From: Terry, Tomeka
Sent: Friday, December 16, 2011 12:14 PM
To: Avci, Halil I.; Wescott, Konstance L.; 'rkolpa@anl.gov'
Cc: VictoriaESP Resource; Williamson, Alicia; Cushing, Jack
Subject: FW: News Release: ERCOT 10-year outlook indicates need for additional generation
Attachments: ATT00002.png

Here is the information that Rob Lawrence from EPA has provided to us about ERCOT press release.

Thanks!
Tomeka

From: Lawrence.Rob@epamail.epa.gov [mailto:Lawrence.Rob@epamail.epa.gov]
Sent: Monday, December 05, 2011 5:10 PM
To: Williamson, Alicia; Cushing, Jack; Terry, Tomeka
Cc: Jansky.Michael@epamail.epa.gov; MacFarlane.John@epamail.epa.gov; Hayden.Keith@epamail.epa.gov; Herrington.Jim@epamail.epa.gov; Kitto.Alison@epamail.epa.gov; Parrish.Sharon@epamail.epa.gov
Subject: Fw: News Release: ERCOT 10-year outlook indicates need for additional generation

Here is the recent ERCOT press release and report on the expected power generation needs. It is the December update report that shows Comanche Peak expansion as the next nuclear power addition within the ERCOT service area, and it is projected for 2022 (not 2025 as I said at the meeting).

Thanks for the background information on the Victoria proposal.

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----- Forwarded by Rob Lawrence/R6/USEPA/US on 12/05/2011 04:03 PM -----

From: "Roark, Dottie" <droark@ERCOT.COM>
To: NEWS_BULLETINS@LISTS.ERCOT.COM
Date: 12/01/2011 11:41 AM
Subject: News Release: ERCOT 10-year outlook indicates need for additional generation

**** Media briefing scheduled for 3:30 p.m. Dec. 1. ****
Contact droark@ercot.com for dial-in information.



ERCOT 10-year outlook indicates need for additional generation

Reserve margin lowered by 5 percent

Dec. 1, 2011, AUSTIN – The Electric Reliability Council of Texas (ERCOT), the state grid operator and manager of the wholesale electric market, today released its biannual assessment for the next 10 years indicating that power reserves – the extra capacity used to avert rotating outages – will likely fall below the minimum target beginning next summer.

The [December update of the capacity, demand and reserves report](#) indicates a decrease in available resources by more than 2,600 MW for the summer of 2012 relative to the amount expected in June 2011 for 2012, primarily due to additional announcements to mothball some generation units and several delays in planned generation, as well as a higher load forecast.

Reserve margins are currently projected to be at 12 percent at summer peak season in 2012 and 2013 – below the 13.75 percent target used in the ERCOT region to ensure reliable operation of the grid during higher-than-normal temperatures and generator outages.

“We are very concerned about the significant drop in the reserve margin,” said CEO Trip Doggett. “If we stay in the current cycle of hot and dry summers, we will be very tight on capacity next summer and have a repeat of this year’s emergency procedures and conservation appeals.”

Initiatives underway to mitigate capacity shortage

ERCOT is investigating several initiatives to address the capacity shortage for the short-term, Doggett said.

“We are working with the Public Utility Commission on several rule changes, including expansion of our emergency demand response program to allow greater participation.”

Additional protocol changes that will help in the longer term include improvements in generation owners’ outage scheduling and reporting requirements, raising the offer floors for non-spinning reserves, and resolution of pricing issues related to reliability deployments.

In addition, ERCOT is working closely with transmission operators to verify the accuracy of in-service dates for generation under development and for potential projects that are currently in the final phase of the interconnection study process, Doggett said.

“Due to our concerns about generation adequacy during the record-setting summer temperatures, concerns about the future impact from the drought, and retirements related to new environmental rules, we asked transmission operators to perform a comprehensive review of the current status of each of their assigned generation interconnection projects,” Doggett said. “Given the current economic uncertainties and the uncertainty from proposed environmental regulations, we wanted to ensure that proposed in-service dates were as accurate as possible, based on the currently available information.”

ERCOT has more than 59,000 MW of generation currently under review in various stages of the interconnection process, but many of those projects are speculative and may never be completed, Doggett said. The report lists potential projects in the final phase of the interconnection study process; these range from 191 MW for 2012 to 9,000 MW in 2022.

“ERCOT’s role in the competitive market is to inform policymakers and the market of the need for increased generation resources, energy efficiency measures, or demand response efforts, but ultimately ERCOT does not control the supply of electricity needed to meet the demands of our growing economy.”

Changes since May assessment

Available generation since the [summer capacity, demand and reserves report](#) decreased 2,623 MW – impacting the reserve margin by -4 percent. The major changes include:

- A reduction of 2,234 MW of generation capacity due to additional units scheduled to be mothballed;
- A reduction of 1,259 MW of planned units that have been delayed or put on hold;
- A decrease of 681 generation from private networks, primarily due to a decision to use August 2011 actual output rather than owner surveys;
- An increase of 1,187 MW of available mothballed generation, including the results of an owner survey of probability of returning to service.

The firm load forecast, which is a “normal weather” estimate based on the past 10 years, increased 738 MW to 64,618 MW – impacting the reserve margin by -1 percent.

The ERCOT peak demand forecast is based on average weather profile and economic factors including per capita income, population, gross domestic product and various employment measures. Peak electric use in the ERCOT region is driven by high temperatures and economic conditions.

Capacity, Demand and Reserves in the ERCOT Region

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------|--------|--------|--------|--------|--------|
| Summer firm load forecast, normal weather (MW) | 64,618 | 65,428 | 68,174 | 71,457 | 73,713 | 75,106 |
| Resources (MW) | 72,444 | 73,327 | 73,383 | 73,992 | 76,833 | 78,136 |
| Reserve margin (13.75% minimum target) | 12.1% | 12.1% | 7.6% | 3.6% | 4.2% | 4.0% |
| Change since May Capacity, Demand and Reserves Report | 5.4 | 2.2 | 3.5 | 7.7 | 5.8 | 6.7 |

ERCOT’s minimum reserve margin target of 13.75 percent is based on a probabilistic analysis completed in 2010. The ERCOT board increased the reserve margin target to 13.75 percent in November 2010, up from 12.5 percent which had been used since 2002.

Additional Mothballed Units

| Name | County | Fuel | Year In-Service | MW |
|----------------|--------|------|-----------------|-----|
| Greens Bayou 5 | Harris | Gas | 1973 | 406 |
| Midlothian 5 | Ellis | Gas | 2002 | 225 |
| Monticello 1 | Titus | Coal | 1974 | 565 |
| Monticello 2 | Titus | Coal | 1975 | 565 |
| Sam Bertron 3 | Harris | Gas | 1959 | 230 |
| Sam Bertron 4 | Harris | Gas | 1960 | 230 |
| Sam Bertron T2 | Harris | Gas | 1967 | 13 |

Planned Units Delayed

| Name | County | Fuel | MW |
|---------------------|----------|-------|-----|
| Sandy Creek 1 | McLennan | Coal | 925 |
| CFB Power Plant | Calhoun | Coal | 260 |
| RRE Austin Solar | Travis | Solar | 60 |
| Senate Wind Project | Jack | Wind | 13 |

One megawatt is roughly enough electricity to power 500 average homes under normal conditions in Texas, or about 200 homes during hot weather when air conditioners are running for longer periods of time.

The ERCOT region includes 23 million people and represents about 85 percent of the state’s electric load. ERCOT does not include the El Paso area, the Texas Panhandle, Northeast Texas and Southeast Texas.

Also online:

- [Presentation - Winter Outlook and Capacity, Demand and Reserves Report Presentation](#) to [Technical Advisory Committee](#), Dec. 1, 2011
- [Winter Outlook Report](#)

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The Electric Reliability Council of Texas, Inc., (ERCOT) manages the flow of electric power to approximately 23 million Texas customers – representing 85 percent of the state's electric load and 75 percent of the Texas land area. As the Independent System Operator for the region, ERCOT schedules power on an electric grid that connects 40,500 miles of transmission lines and more than 550 generation units. ERCOT also manages financial settlement for the competitive wholesale bulk-power market and administers customer switching for 6.6 million Texans in competitive choice areas. ERCOT is a membership-based 501(c)(4) nonprofit corporation, governed by a board of directors and subject to oversight by the Public Utility Commission of Texas and the Texas Legislature.

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