

Reallocating Congestion Charges in ERCOT

AECT Position: Oppose

HB 2561 by Keffer

HB 3288 by Keffer

Proposals

- HB 2561 would require the PUC to adopt processes to fundamentally alter the way congestion costs are distributed today.
- HB 3288 describes congestion charges as “unfair, disruptive and not in the public interest,” but does not provide a specific change to the market. It would also require the Office of Public Utility Counsel to advocate regarding congestion charge allocation.

HB 2561 and HB 3288 would each raise electricity prices throughout ERCOT

- ERCOT’s market design is dependent on accurately assigning congestion charges in order to ensure the efficient dispatch of power.
- The nodal system allows ERCOT to accurately identify which generation units are best positioned to provide power, increasing the efficiency of the state’s generation fleet and ultimately resulting in lower prices for customers. The current market design provides mechanisms that allow customers and retailers to hedge against the risk of congestion.
- Reallocating congestion costs would eliminate some of those efficiencies, creating additional generation costs market-wide, which would ultimately raise costs for customers.

HB 2561 and HB 3288 could affect electric reliability

- ERCOT has a detailed transmission planning process to recommend solutions to resolve congestion that creates reliability concerns for customers. Changing the current market design as proposed could undermine ERCOT’s ability to respond to reliability issues in real-time. Today, ERCOT will monitor a line when it approaches 90% of loading and use congestion as an economic signal to relieve the constraint through re-dispatch of online resources.

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ERCOT is addressing congestion issues in West Texas

- While all the lines planned in West Texas are not yet complete, several have been built since 2012, relieving significant congestion. Below are upgrades completed in 2014.

Table 3.4: Recently Completed West Texas Transmission Upgrades

Map Index	Project	Completion Date
1	Moss – Holt Switch 138 kV line upgrade	January 2014
2	Wink – Loving 138 kV line upgrade	January 2014
3	Odessa North – Goldsmith Junction 138 kV line upgrade	May 2014
4	Odessa North 138 kV switching station construction	May 2014
5	Moss 345 kV switching station circuit breaker installation	May 2014
6	Odessa North – Cowden 69 kV line upgrade	May 2014
7	Moss – Odessa EHV 138 kV line upgrade	May 2014
8	Loving – Elmar 138 kV line upgrade	June 2014

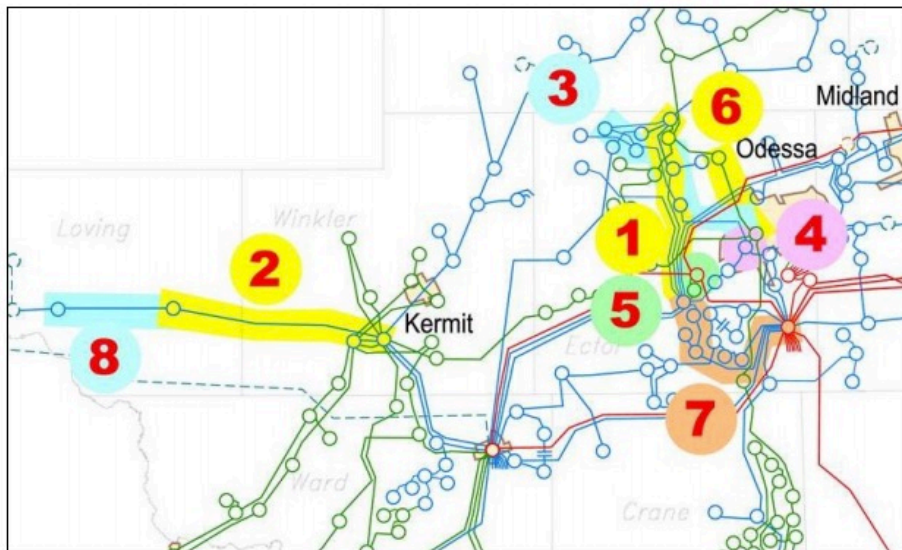


Figure 3.8: Map of Recently Completed West Texas Transmission Upgrades

Source: ERCOT, "Report on Existing and Potential Electric System Constraints and Needs," December 2014

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