



PRESS RELEASE
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ERCOT Report Proposes \$3 Billion in Transmission Improvements

The Electric Reliability Council of Texas (ERCOT), grid operator for most of the state, is reviewing proposed transmission projects for the next five years totaling \$3 billion and expected to improve or add 2,888 circuit miles of transmission and more than 17,000 megavolt ampere (MVA) of autotransformer capacity to the grid, according to the annual [electric system constraints and needs report](#), filed today with the Public Utility Commission.

The major planned transmission additions in the five-year plan include:

- 22 circuit miles, 138 kV, Waller-Prairie View-Seaway-Macedonia Reconductor, Coast weather zone, operational 2010
- 21.6 circuit miles, 138 kV, Robertson-Watson Chapel Rebuild, East weather zone, operational 2010
- 88 circuit miles, 345 kV, Twin Oaks-Bell County SE, East - North Central weather zone, operational 2011
- 50 circuit miles, 345 kV, Oklaunion-Bowman New Line, North weather zone, operational 2012
- 73.8 circuit miles, 345 kV, Hutto Switch-Salado Switch New Line and Switching Station, North Central – South Central weather zone, operational 2010
- 77.5 circuit miles, 138 kV, Uvalde Area Project, South Central – West weather zone, operational 2011
- 172.5 circuit miles, 345 kV, Zorn/Clear Springs-Gilleland Creek-Hutto Switch New Line, South Central weather zone, operational 2012.

The report also analyzes costs to resolve zonal congestion (between the four congestion zones) and intra-zonal congestion (local). Although zonal congestion costs had been trending downward over the past few years, from \$146 million in 2001 to \$52 million in 2007, costs in 2008 increased to \$360 million, primarily due to a combination of events, including high fuel costs, revised shadow price caps, and increased wind generation. The ERCOT Board of Directors implemented [emergency market rule changes](#) in early summer to mitigate the high congestion costs.

Intra-zonal congestion costs are approximately the same as they were in 2007. Local congestion costs decreased from over \$405 million in 2003 to \$164.4 million in 2007 and \$146.8 million through October 2008.

The five-year report also includes a summary of the Competitive Renewable Energy Zones proposed transmission improvements which are being reviewed separately by the Public Utility Commission and are not included in the planned transmission improvements listed above. Texas Senate Bill 20 directed the commission to designate zones with sufficient renewable resource potential and financial commitment by developers and then to designate a plan for transmission to the areas. The commission has recommended a transmission scenario to support the addition of 18,456 MW of renewable generation at a cost of approximately \$4.93 billion in transmission. Commissioners are expected to designate in 2009 which entities will build the transmission.

Improvements to the grid completed since 2007 totaled approximately 1,294 circuit miles of transmission and 6,613 MVA of autotransformer capacity with an estimated cost of \$1.2 billion.

Along with the five-year transmission report, ERCOT also filed the [Long-Term System Assessment](#) which looks at transmission and generation options for the next 10 years. The long-term system report is filed with the Texas Legislature in each even-numbered year, as required by Senate Bill 20, and is intended to provide guidance to ERCOT and ERCOT market participants in evaluating system needs.

Major conclusions in the 10-year report included:

- Additional import capacity into Houston is needed. Although an import pathway into Houston from the west, such as from the Fayette to Zenith substations, was generally cost-effective across a range of scenarios included in this study, the specific pathway should be reviewed and selected as part of the ERCOT five-year planning process.
- Load growth in two areas (north of Dallas in Cooke and Grayson Counties and in western Williamson County) may result in the need for long-lead time transmission projects in the next ten years.
- Economic benefits from most transmission projects were dependent on the location of new sources of generation, fuel costs, and emissions allowance costs. Given the uncertainty associated with the future development of base-load generation, it is not reasonable to plan large inter-zonal projects at this time.

RESOURCES ONLINE

[ERCOT 2008 Electric System Constraints and Needs](#)

[ERCOT 2008 Long-Term System Assessment](#)

TRANSMISSION PLANNING PROCESS

The ERCOT transmission planning process integrates requests for transmission service to interconnect new power producers and consumers, as well as supports continued safe and reliable service while accommodating growth for existing customers. In collaboration with transmission service providers and other interested stakeholders, ERCOT staff assesses the electric needs of existing and potential transmission system users, on both an individual and collective basis, to determine whether transmission upgrades are required and to respond to the need. For this planning process, ERCOT seeks input from all market participants and stakeholders about options and possible solutions through the ERCOT-led [Regional Planning Group](#). Major projects must be also be endorsed by the ERCOT Board of Directors.

TRANSMISSION COSTS

Transmission and distribution providers are regulated by the [Public Utility Commission](#). The cost of transmission is rolled into costs that all ratepayers pay (also known as a “postage-stamp” transmission rate because – like stamps – it’s the same access fee no matter where the location is).

The Electric Reliability Council of Texas (ERCOT) manages the flow of electric power to 21 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 38,000 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 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. ERCOT’s members include consumers, cooperatives, independent generators, independent power marketers, retail electric providers, investor-owned electric utilities (transmission and distribution providers), and municipal-owned electric utilities.

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