

News Release

October 16, 2015

ERCOT releases report on potential Clean Power Plan impacts

AUSTIN, TX, Oct. 16, 2015 — The [Electric Reliability Council of Texas \(ERCOT\)](#) today released its [updated Analysis of the Impacts of the Clean Power Plan](#), based on the final rule released by the U.S. Environmental Protection Agency in August.

ERCOT study results indicate the plan could result in retirement of at least 4,000 megawatts (MW) of coal-fired generation capacity in the ERCOT region, possibly beginning as soon as 2022.

"We continue to have concerns about the potential impacts on planning and operation of the ERCOT power grid," said ERCOT CEO Trip Doggett. "Based on our analysis, we are especially concerned about reliability risks associated with multiple unit retirements within a short timeframe.

"As new technologies emerge and market conditions change, the grid is changing," Doggett said. "Our market is designed to encourage new, more efficient technologies, but that change needs to occur at a pace that supports continued reliability."

ERCOT anticipates the impacts of these changes could increase retail power prices by up to 16 percent by 2030, not including the impacts of new transmission projects or other investments that could be needed to support compliance.

The analysis considers the impacts of the plan based on mass-based approaches (measuring tons of emissions) to achieve emissions targets for the ERCOT region, modeling four scenarios:

- **Baseline:** This scenario is based on current trends in the ERCOT region and market and considers announced retirements and current regulatory requirements.
- **CO₂ Limit:** This scenario considers a system limit on emissions, allowing the model to select the lowest-cost resource option without regard to market design or other considerations associated with implementation.
- **CO₂ Price:** This scenario includes an estimated price for CO₂ emissions that would cause the ERCOT region to achieve the compliance targets.
- **CO₂ Price and Regional Haze:** This scenario also includes a CO₂ price and models the combined impacts of the CPP and the proposed Regional Haze Federal Implementation Plan within the ERCOT region.

ERCOT anticipates about 4,000 MW of generation capacity would retire to achieve CPP compliance by 2030, increasing to about 4,700 MW when Regional Haze requirements are taken into consideration.

In scenarios that include a price for carbon emissions, study results indicate more than 14,000 MW of utility-scale solar, 9,000 MW of wind capacity and nearly 3,000 MW of new gas-fired combustion turbines would be added to achieve compliance within the ERCOT market.

The model, which is consistent with ERCOT long-range planning studies, assumes a gradual increase in natural gas prices over time, to a little more than \$6 per MMBtu by 2030, and a

continued decrease in capital costs associated with wind and solar development.

The report also highlights ERCOT's specific concerns associated with the future generation mix and transmission needs. The retirement of a large portion of controllable generation capacity, combined with addition of a large amount of generation from intermittent solar and wind sources, could affect reliability of all generation resources as the system works together to maintain a balanced grid.

###

The Electric Reliability Council of Texas (ERCOT) manages the flow of electric power to nearly 24 million Texas customers, representing about 90 percent of the state's electric load. As the independent system operator for the region, ERCOT schedules power on an electric grid that connects more than 43,000 miles of transmission lines and 550 generation units. ERCOT also performs financial settlement for the competitive wholesale bulk-power market and administers retail switching for more than 7 million premises 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.

CONTACT

[Robbie Searcy](#) (512) 225-7213

rsearcy@ercot.com