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Texas Capacity Debate: New Synapse Report Demonstrates that Peak Demand Can Be Met Through 2023 With Modest Policy ‘Tweaks’

Improving energy efficiency and demand response will keep the lights on for Texans and insulate the state from future issues arising from extreme weather.

Austin - Today, the Sierra Club Lone Star Chapter filed a new report with the Public Utility Commission (PUC) and ERCOT (Electric Reliability Council of Texas) that shows that Texas should have adequate capacity beyond 2020 without making any changes to its current market structure, and could ensure adequate resources just by making some slight adjustments in the resources already on the system.

The report prepared by Synapse Energy for the Sierra Club, *Demonstrating Resource Adequacy in ERCOT: Revisiting the ERCOT Capacity, Demand and Reserves Forecasts*, runs two different scenarios based on ERCOT’s latest load forecast. The first scenario updates ERCOT’s more recent forecast, accounting for new generation resources, crediting wind for its contribution during peak events and better accounting for energy efficiency and demand response. This scenario, “Counting What We Already Have,” demonstrates that the market should meet the current target reserve margin through 2023.

The second scenario, “Augmenting Demand-Side Resources” examines what would happen to resource adequacy assuming two policy changes – raising Texas’ energy efficiency goal to 1.0% by 2018 and increasing the capacity provided by the Emergency Reserve Service program. This second scenario shows even more robust resource adequacy through 2023, adding about three percent to the reserve margin.

With Texas enjoying unprecedented growth in variable renewable resources, designing our energy market and ancillary services to maintain reliability, particularly in extreme weather is very important. ERCOT’s load forecast assumes that our future weather trends will mirror “historical weather patterns,” using the past 12-years of weather data. Even if the state sees the effects of increased weather variability, the policy tweaks recommended by the Synapse report would insulate the state from problems arising from excessive peak demand. In fact, the likelihood of increased weather extremes makes these proposals all the more important.

The full report can be found at <http://www.synapse-energy.com/Downloads/SynapseReport.2014-02.SC.ERCOT-Resource-Adequacy.13-122.pdf>.

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