

Municipal Participation in ERCOT: Does the Value Balance the Cost?



2007 TPPA Annual Meeting
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What does Public Power Contribute to the ERCOT Stakeholder Process?

- Time and \$\$
- Balance
- Expertise
- Leadership—a true public service perspective
- Customer orientation—our citizens

“The magic of public power participation is that the interest of the participant is more frequently aligned with the interest of the consumer.” -- Brad Belk (LCRA)



Accomplishments (big picture)

- The ERCOT market is a fair and equitable market that will ultimately benefit the consumer.
- Have maintained local control through volatile times.
- Public power is a force to be reckoned with!
 - Respected.
 - Trusted.
- We are often the policy brokers.
- Access to and respect of the PUC commissioners, PUC staff, and key players in the competitive markets.
- Helped to preserve the stakeholder process.
- Helped to keep the focus on reliability.
- Constant reminder of the value of having multiple market models.



Accomplishments—Some Specific Policies

- Pre-assigned congestion revenue rights (PCRRs)—for zonal and nodal markets.
- Focus on ERCOT budget improved internal efficiency at ERCOT.
- Brought the attention of the market to BENA long before others cared.
- NOIE load zones in the nodal market.
- Honest representation of the ERCOT reserves picture.
- RMR policy framework with exit strategies.
- Ability to settle Nodal CRRs in real time.
- Preservation of the ability of quick start units to participate in the ancillary services market.
- Preserved the ability to dynamically schedule.
- Preserved protections of our confidential information.
- Maintained focus on the benefits of incremental changes to the ERCOT market design, and helped to improve the cost-benefit analysis process.



Things that Didn't Quite Get Accomplished

- Unbundling the ERCOT fee—eliminate retail-related costs from Public Power charges.
 - Despite multiple policy losses, this issue is still in play.
- Retail market defaults—exempt Public Power from uplifts due to defaults of competitive retailers.
 - Resulted in some tightening of ERCOT's credit policy.



Is the Resource Commitment Worth it? Risks of Failure to Participate

- Competition by a thousand cuts.
- More and more expense and uplift of retail market costs.
- Policies that are not oriented to consumers.
- Policies that do not consider needs of smaller entities.



Regrets

- Inability to work hand-in-hand with consumer segment representatives.
- Public power members have at times worked against each other—needlessly.