

**Opportunities to Reduce Prices in the
Nodal Market:
Energy Efficiency, Demand Side Management and
Solar Power**

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Loads of Questions about Impacts of Nodal on Pricing

- What impact would a nodal market have on average ERCOT prices?
- What impact would nodal energy prices for resources have on resources?
- What impact would zonal energy prices for loads have on loads in a nodal market?
- 4 What impact would a nodal market have on the ability of generators to exercise market power and engage in gaming activities?
- What impact would a nodal market have on generation siting and the total amount of generation built?
- What impact would a nodal market have on transmission siting, the transmission approval process, and the total amount of transmission built?
- What impact would a nodal market have on congestion costs?
- Why do congestion rents exceed actual redispatch costs?
- What happens to the congestion rents that exceed the redispatch costs?

Answer: I don't know, but.....

- Rates may be more volatile due to local generation and congestion issues;
- Answer is to reduce bills, if not rates, through programs to consumers to reduce energy use through energy efficiency, demand side management and distributed renewables.

Energy Efficiency

- Cheapest, quickest, cleanest way to meet our energy needs is to reduce our energy use;
- Our TDUs run energy efficiency programs that help reduce energy use -- must currently meet 20% of growth in demand and rising to 30% of growth in demand by 2013 through PUC oversight;
- However, the programs need to be coordinated with other programs available through SECO, PUC, TDHCA, Municipalities-- a Coordinating Council would help;
- Legislature should again consider raising the Goals.

Energy Efficiency -- two new ideas

- Consider market-based trading program for energy efficiency;
- Allow TDUs more direct contact with consumers for energy efficiency programs -- particularly ones like El Paso Electric that are vertically integrated;
- On-bill Financing -- specifically allow TDUs, REPs, Munis and Cooperatives to finance energy efficiency and solar upgrades on residential and commercial customers, paid back through time.

Demand Side Management

- Allow large industrial companies that have demand side management programs to bid in to the ERCOT market for demand side management in the same way you allow generators to bid in to the market;
- Allow aggregators of smaller energy users that are part of a demand side management to do the same;
- California and PJM have successful market-based programs that have helped reduce peak demand and ultimately prices;

Solar

- Need clarity on price paid for surplus electricity generated - a fair market price;
- Clarity on rules for solar in HOAs;
- Allowing On-bill financing for solar for REPs, TDUs, COOPs and Munis;
- Registration rules for solar, geothermal and even small natural gas up to a certain size.

