

SENATE COMMITTEE ON BUSINESS & COMMERCE

JULY 10, 2012

TESTIMONY ON ERCOT GENERATION PROTOCOLS

- Good afternoon to the Chairmen and members. My name is John W. Fainter, Jr., President and CEO of the Association of Electric Companies of Texas (AECT), and I'm here to discuss the development of generation protocols at ERCOT and its relation to the stakeholder process.
- Energy technologies are changing faster than ever, with new innovations changing the way we power our homes and businesses.
  - Fossil fuel generation and nuclear generation still form the backbone of Texas' power, but companies are seeking and implementing new, more efficient ways to use those resources.
  - Over the past 13 years, Texas has rapidly become the runaway leader in wind generation, and today has about one-fourth of the nation's total wind capacity (over 10,000 MW).
  - There are new technologies on the horizon, such as energy storage and growth in solar power, that we expect to have an impact on the ERCOT grid.
  - Each operates differently—especially renewable generation, which has variable output.
- Like other ISOs, ERCOT today has the flexibility to ensure each type of generation is dispatched effectively and efficiently to maximize the reliability and cost benefits to the wholesale market.
- There have been instances in which the growth of particular technologies has required ERCOT to update its protocols to better account for those technologies, like when so much new wind generation was added to the grid. This was done within the framework of ERCOT's stakeholder process, with the goal of ensuring fairness and grid reliability.
- ERCOT retains that flexibility to allow new or growing technologies to benefit the grid, such as energy storage.
- At AECT, we believe the stakeholder-driven ERCOT protocol revision process is effective and has worked well in integrating new and growing technologies into the grid.
- The stakeholder process balances input from all market participants (T&D, municipal utilities, electric cooperatives, industrial, commercial and residential consumers, retailers, and power marketers), not just traditional generators. That diversity of interests helps to create fairness and mitigates against any inequitable treatment of new technologies or ideas. We support maintaining the existing stakeholder process.
- Thank you for your time, and I'm happy to answer any questions.