

Electric bills likely to rise

Summer expected to bring record use, less reserve capacity



2011 File Photo Control operator Kenneth Taylor monitors power generation at the Electric Reliability Council of Texas' control center in Bastrop.

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ENERGY

Texans are expected to use a record amount of electricity this summer but excess power available for peak use is half of what was earlier projected, according to the state's grid operator.

The state would have capacity to produce 9.3 percent more electricity than what is projected as peak demand during summer, the Electric Reliability Council of Texas, which manages the state's power grid, said Monday.

That is well below the 13.75 percent minimum cushion preferred by the authority, and a lot less than its May estimate of 18.9 percent in reserve capacity.

The closing of some older power plants and the delay of new ones are to blame.

"I wouldn't call it a cause for concern," said Warren Lasher, senior director of system planning.

"Reserve margins are expected to fluctuate in the current market design. At the same time, ERCOT has a variety of tools at its disposal to maintain grid reliability."

For Texans, that may come at a price. Lasher said the “expectation would be that wholesale energy prices will rise in times of scarcity.”

Pat Hammond, a spokeswoman for Houston’s Reliant Energy, said some prices in the wholesale market increased after Monday’s announcement by ERCOT. But she said the company “can’t predict what effect tighter supply will mean in the long run.”

The state is expected to lose about 7,200 megawatts of generation capacity caused mostly by the closing of aging coal-fired plants and delays in the openings of new plants.

Luminant, Texas’ largest power generator, announced in October that it would close its three largest coal-fired plants in 2018. Cheap natural gas and renewables — particularly wind — have made Texas’ decades-old coal plants less profitable.

Combined, Monticello, Big Brown and Sandow could produce nearly 2,300 megawatts of electricity, or enough to power 2.1 million homes during ordinary use. One megawatt is generally estimated by ERCOT as the amount of electricity to supply 200 homes during peak summer demand.

Luminant left open the possibility of selling Big Brown if a buyer emerges by Feb. 12. ERCOT recently determined that the coal plants, including another expected to close at the end of 2018, weren’t needed for grid reliability.

As those coal plants close, projects that could contribute 4,700 megawatts of electricity to the Texas grid have been delayed, according to ERCOT.

R.A. Dyer, policy analyst for the Texas Coalition for Affordable Power, said the group is still “analyzing the significance” of ERCOT’s newly released numbers.

“The retirements of expensive-to-run plants can contribute to a more efficient market and should not be seen, in itself, as bad news for ratepayers,”

Dyer said in a written statement.

The slimmer reserve margins aren’t worrying the Texas Association of Manufacturers.

Tony Bennett, president and CEO of the industry group, released a statement Monday saying that in a “free energy market, price signals naturally encourage the replacement of older facilities with new, more efficient and reliable generation — and that is exactly what we are seeing in Texas.”

The group statement also said that previous reserve margins — some of which were 20 percent or higher — were “far above the level that is economically optimal.”

At the direction of the Texas Public Utility Commission, ERCOT is distancing from that reserve margin metric and seeking a different measure of reliability. A study on that issue is expected to be completed in the third quarter of 2018.

Texas’ reserve margin is expected to increase to 11.7 percent for the summer of 2019 as more projects go online.

ERCOT expects peak demand in Texas to increase annually by 1.7 percent in the next decade.

ERCOT has slightly lowered its estimate of peak demand during the upcoming summer, though it's still expected to top the record use set in 2016.

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