

Wednesday, June 4, 2014

New Brattle modeling predicts Texas fuel shifts

[COMMENTS](#)

The Texas Clean Energy Coalition (TCEC) funded a report by the Brattle Group that was released yesterday and that found DR and efficiency could cut peak demand in ERCOT by 40-50% from its projected peak over the next two decades. The report was titled “Exploring Natural Gas and Renewables in ERCOT, Part III: The Role of Demand Response, Energy Efficiency and Combined Heat & Power.”

The projections came from the combination of a model that simulated the decisions of market-driven developers of a wide range of new resources with a model that simulated the minute-by-minute operation and control of the grid by ERCOT, said TCEC Chairman Kip Averitt. The two perspectives gave the modeling system a way to come up with a realistic set of resources for various scenarios with a model that simulated ERCOT’s operations of the grid.

“The research indicates that substantial amounts of gas and renewable energy are likely to be developed in Texas over the next 20 years, with gas prices, carbon and renewable policies and renewable price reductions serving as the most important drivers,” Averitt said in prepared remarks. “In addition, the results show that expanded energy efficiency and demand response programs can be highly economical for Texas energy customers.”

The report followed two previous ones Brattle did for TCEC that covered future generation additions in ERCOT and found that the market would be dominated by gas and wind. Those reports were focused on the supply side of the marketplace and only looked at “reference” cases for the demand side, noted Brattle.

Most of the demand-side strategies examined in the report would require either state policy or market changes to be realized, but they provided another option for what the future of the Texas grid could be.

One of the base cases looked at an effort to boost efficiency by Texas, but two included federal carbon policies. The moderate, federal carbon case would require coal plants to capture and store 50% of their CO2 by 2025 and the stricter case would require them to capture and store 90% of their CO2.

EPA’s draft rule released this week would seek 30% cuts from the power sector nationally, but the agency set different targets for different states,

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reasoning that some had more room to work with, senior EPA officials said on a press call Monday. Proposed cuts for Texas would lower its average emissions in the power sector from 1,298 pounds/MWH to 791 pounds/MWH in 2030 – a 39% reduction.

The Brattle Group found that efficiency and DR provide substantial opportunities to displace future capacity additions and lower overall power costs. The program modeled in the report was designed to be moderate in size and use well-established approaches that were largely driven by ERCOT energy prices.

The report found that three GWs of new efficiency programs and between 2-4 GWs of new DR programs were economically achievable in ERCOT. That represents a 40-50% cut in projected peak demand growth, it added.

Real energy prices in the scenario generally stay in the band they were in between 2010 and 2012, with the highest coming from the report's strict carbon scenario at an average of \$67/MWH.

The report found that new large combined heat and power facilities are very economical and the simulation indicated the full potential of them would be realized by 2032 in all scenarios.

"The research found that natural gas and renewables can both play substantial roles in ERCOT and provide all new generation needed to respond to higher energy demands driven by growth in the state's population," Brattle Group Principal Peter Fox-Penner said in prepared remarks.

"While Texas currently ranks as the largest carbon emitter in the country, our research proves that Texas is in a position to build a cleaner, more affordable, more water-lean and more reliable electricity sector than ever before," while keeping power economical for Texas electric customers.

NEM, utilities ask PSC for reforms in PSC's market effort

COMMENTS

The National Energy Marketers Assn (NEM) and New York's utilities laid out their desires for the new phase of the PSC's retail markets investigation in separate filings Monday. The commission shifted to making sure traditional retailers and others were able to offer value-added services to New York consumers in an order issued earlier this year (RT, [Feb-21](#)).

The work in retail markets is in parallel to the PSC's efforts on the "Reforming the Energy Vision" docket that sought to turn the demand side into an active participant in the market (RT, [May-1](#)).

Competition is the best vehicle for reaching the PSC's lofty goals, NEM argued, as it can bring value added services such as DR, DG, green power contracts and others to consumers. Commodity supply and value-added services related to energy are inherently competitive products, said NEM.

Letting utilities stay in the default service role while also giving other

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value-added products such as time of use rates can discourage competitive entities from doing the same. Competitive firms lack the instant scope and scale that captive customers offer the utilities and thus cost considerations for them are far different from utilities'.

Another major issue holding the transformation back in New York is that smart meters are not universal so that customers do not have visibility into real-time pricing, said NEM.

The lack of smart meters and any provisions for off-cycle meter reads by utility personnel also make it harder for customers to switch from the default supplier, said the retailer group.

The PSC should consider making supplier-consolidated billing an option and giving retailers more space on their customers' bills that are still dealt with by the utilities. The bill is the most important point of contact customers have with the power industry, the group added.

Purchase of receivables programs could be expanded so that they also cover value-added services, NEM argued.

Retailers and their customers need timely access to energy data so that innovative plans on the demand side can be crafted.

Customer data needs to be carefully protected because if it leaks, criminals can use it to steal their money, the utilities argued. The best way to avoid those situations is to cut the risk of data breach so any sharing needs to be done only in cases with clear customer value.

The utilities worry that mixing commercial messages such as retailer advertisements and promotions with utility bills could run afoul of anti-email spam laws. Utility bills generally do not fall under those laws, but if they come with ads, they could, they added.

Giving away customer phone numbers can also run afoul of telephone-marketing laws, the firms argued.

Pennsylvania PUC tells consumers to shop before rates rise

[COMMENTS](#)

The Pennsylvania PUC issued a press release yesterday reminding customers to check their electric supply pricing and contract ahead of the summer heat. "The rise in temperatures and humidity means we also ramp up our energy use as we turn on our air conditioners and fans," PUC Chairman Robert Powelson said in prepared remarks.

"Now is the time to take a look around the house and make simple changes to conserve energy." Statewide, over 2.1 million customers get their power from a competitive electricity supplier, the commission noted.

The price to compare that utilities charge is generally going to rise this month and the PUC noted that customers could check their local utility's

Webinar

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Attendees of the lively, in-depth discussion said the webcast provided them with "new insights and proposed developments" and gave "good overall information about capacity markets and energy auctions," adding that it was "topical" and "referenced actual markets rather than giving a generic view."

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“Preparing for the higher electric bills associated with summer also means it is a good time to take a close look at your electric bill,” said Powelson. “Confirm who your electric supplier is, double check the terms and conditions of your contract and use PAPowerSwitch.com to evaluate your options. You could save money on your electric bill.”

The PUC advised consumers to not sign a contract without knowing its length, price, whether it is fixed or variable and whether it comes with any early termination fees.

Under current regulations, switching suppliers takes from 11 to 40 days, depending on where in the billing cycle the switch is requested. Customers who shop now will still feel the impact of the June 1 rate increases.

But customers can still get on a cheaper rate ahead of the hottest times of the summer. PUC rules that accelerate customer switch times to three days through off-cycle meter readings will go into effect next year.

1 story in 20 seconds

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Gas futures rise

on growing storage: NYMEX July natural gas futures moved up a bit yesterday as participants expect another large storage report due tomorrow and flagging support in midrange weather forecasts, analyst Jackson Mueller reported. The contract tacked on 1.7¢ to close at \$4.629/MMBTU. EIA's report tomorrow is expected to be a net 121 BCF injection for the week ending May 30, which would be above historical numbers. The healthy pace of inventory building is expected to keep up through mid-June as weather outlooks suggested moderating conditions that could keep a lid on demand, he added.

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