



Nov 19, 2014  
by Sonal Patel

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# ERCOT: EPA Clean Power Plan Will Further Complicate Reliability in Texas

The Obama administration's Clean Power Plan could result in the retirement of between 3.3 GW and 8.7 GW of coal-fired capacity in the Electric Reliability Council of Texas (ERCOT) grid and jeopardize electric reliability for the state that is [already power strapped](#), the independent system operator (ISO) says in a new analysis.

The Environmental Protection Agency's (EPA's) June-proposed Clean Power Plan calls for cuts in the carbon intensity of the electric sector, setting limits on the carbon dioxide emissions from existing fossil fuel-fired power plants that are calculated as state emissions rate goals. [According to the proposal, Texas must meet an interim goal of 853 lb CO<sub>2</sub>/MWh from 2030 onwards.](#)

But implementation of the proposed plan will have "a significant impact on the planning and operation of the ERCOT grid," ERCOT, which operates in a competitive market, says in its [Nov. 17-released analysis](#). The plan could result in "transmission reliability issues due to the loss of generation resources in and around major urban centers, and will strain ERCOT's ability to integrate new intermittent renewable generation resources," it says.

The report draws from ERCOT's "ongoing" analysis of how several EPA rules are expected to affect grid reliability. Assuming ERCOT applies the most cost-effective way to comply with the Clean Power Plan's limits, by 2020, the state's natural gas share of its total generation mix will increase from the baseline 44% to 60%, while coal's share will plunge from 32% to 14%. By 2029, natural gas could make up 53%, coal, 16%, wind, 14%, solar, 7%, and nuclear 9%.

It would mean that up to half of the existing coal capacity in the ERCOT region and up to 4.5 GW of gas capacity may need to be retired, most before the initial 2020 compliance date. ERCOT covers about 90% of Texas' load.

The pending market impacts due to the Clean Power Plan could result in generators choosing to retire units early rather than install control technology retrofits for compliance with the Mercury and Air Toxics Standard (MATS) and the 316(b) Cooling Water Intake Structures rule, the ISO suggests. In the next few weeks, Texas generators will also need to consider limitations posed by a federal implementation plan that the EPA is anticipated to issue for the state's regional haze program.

Integrating more wind and solar resources will, meanwhile, "increase the challenges of reliably operating all resources," says the report. In 2013 about 10% of ERCOT's regional annual generation came from wind resources. "Accelerated resource mix changes will require major improvements to ERCOT's transmission system."

ERCOT expects an overall increase in costs for consumers by up to 20% in 2020—a figure that it notes does not account for the costs of transmission upgrades, procurement of additional ancillary services, energy efficiency investments, capital costs of new capacity, and other costs associated with the retirement or decreased operation of coal-fired capacity in ERCOT.

The final rule must include a process to manage electric system reliability issues that may arise due to the implementation of the plan, "as well as include more implementation timeline flexibility to address each state's or region's unique market characteristics," ERCOT concludes.

—**Sonal Patel, associate editor** (@POWERmagazine, @sonalcpatel)

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