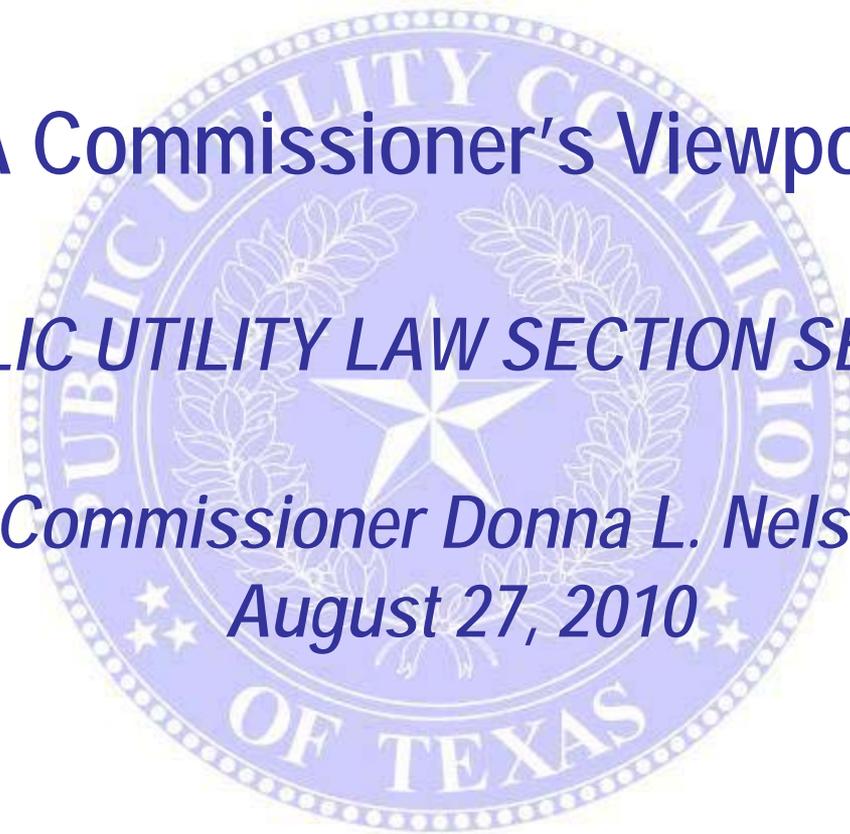


# A Commissioner's Viewpoint

*PUBLIC UTILITY LAW SECTION SEMINAR*

*Commissioner Donna L. Nelson*

*August 27, 2010*



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# Underlying Principles

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- Business creates jobs
- Educate, educate, educate everyone
- Challenges are opportunities in disguise
- Electricity is the foundation of economic development in Texas
- Competitive markets work

# Retail Market

Wire Co.	Price	REP	K Type	K Term	Reg'd rate	% Inc.
AEPC	9.1	Dynowatt	Var.	1-mo	9.6	-5.2%
AEPN	8.3	Dynowatt	Var.	1-mo	10.0	-17.0%
TNMP	8.0	APNA Energy	Var.	1-mo	10.6	-24.5%
Centerpt	8.6	Reliant	Var.	1-mo	10.4	-17%
Oncor	8.1	Frontier	Var.	1-mo	9.7	-16%

*As of 8/18/10*

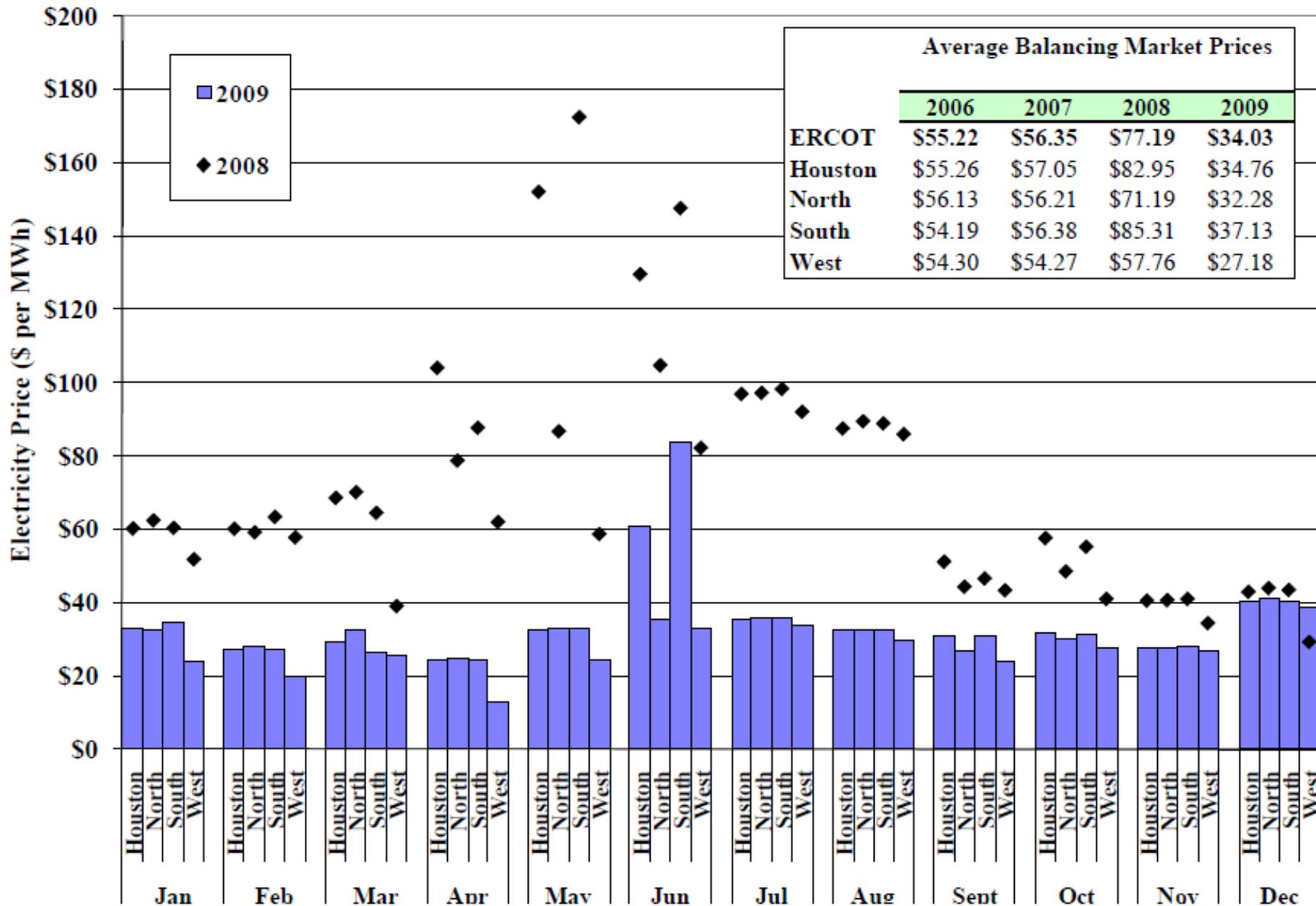
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# Wholesale Market

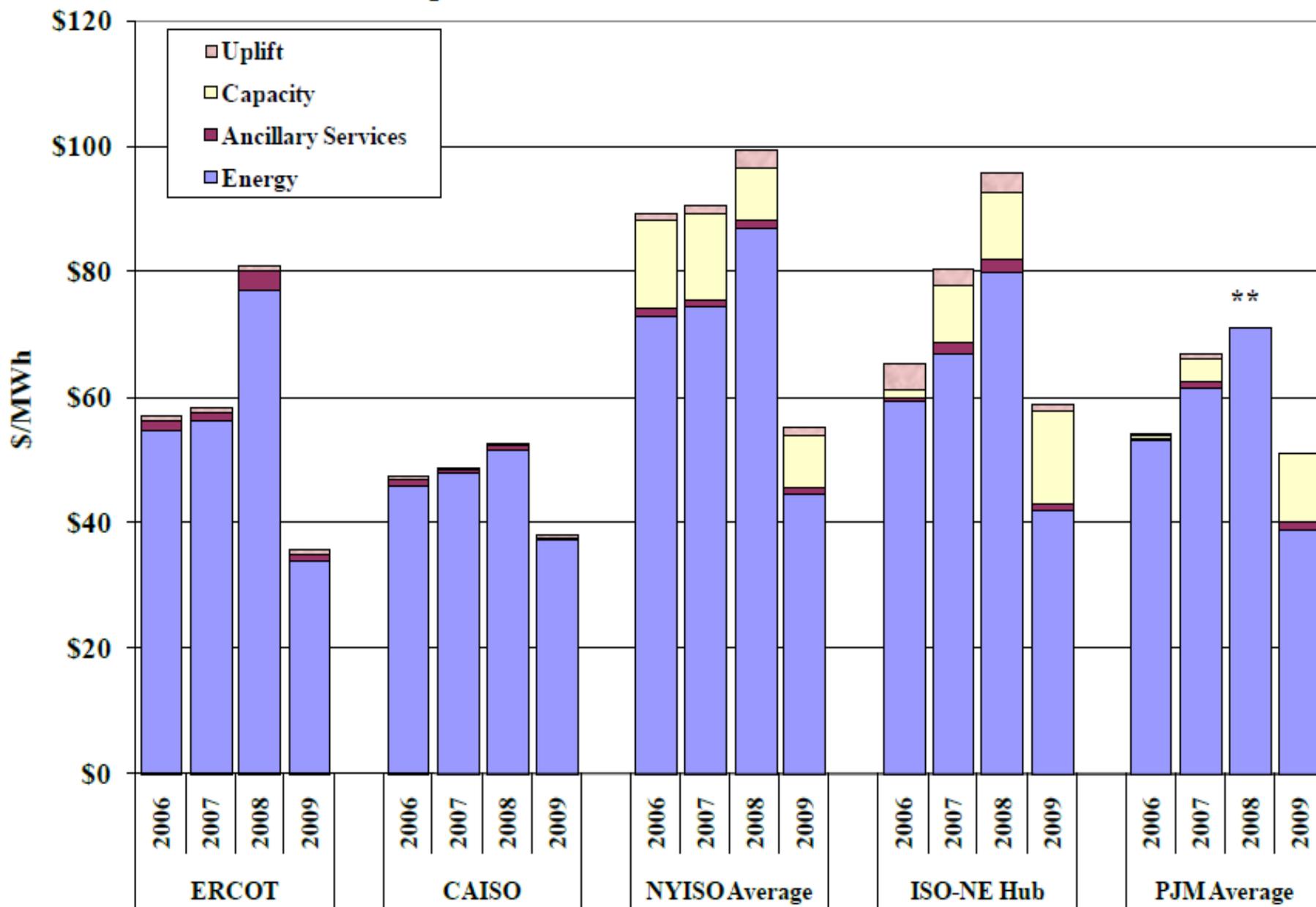
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- Balancing energy prices are lower in 2009 than 2008;
- All-in wholesale prices are lower in ERCOT in 2009 than in *California, New England, the New York ISO, and the PJM Interconnection*

## Average Balancing Energy Market Prices



## Comparison of All-In Prices across Markets



\*\* 2008 Capacity, Ancillary Services and Uplift data unavailable for PJM

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# Wholesale Market

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From IMM's 2009 State of the Market Report:

- *The ERCOT wholesale market performed competitively in 2009, with the competitive performance measures showing a trend of increasing competitiveness over the period 2005 through 2009.*

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# Practicing Before the PUC

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- Tell a story
  - Present a well written document
  - Be brief
  - Avoid the use of technical and legal jargon
- Remember that policy considerations tip the scale on many “legal” issues
  - Most disputes that come to us do not involve black letter law
  - Be aware of policy decisions we have made

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# Practicing Before the PUC

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- Establish credibility
  - Do not be unnecessarily confrontational
  - Acknowledge the weaknesses in your position
  - Answer questions truthfully and directly
  - Recognize that most decisions we make involve complex questions of fact, law, and policy
  - Be respectful of the commission, our staff, and all stakeholders

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# Upcoming Legislative Session

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- Sunset
  - ✓ PUC
  - ✓ ERCOT
- Energy Efficiency
- Solar Incentives
- “Anti-Competitive” Legislation

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# ERCOT

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- Nodal “Go Live” December 1, 2010
- ERCOT Administrative Fee (budget) for 2011
- Market Reform recommendations

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# Commission Rulemakings

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- ERCOT
- Energy Efficiency
- RPS
- TDU-related (TCRF, TCOS, DCRF)
- DPP/Disconnect
- Critical Care

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# Other Issues

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- CREZ
- Wind Integration
- Smart Meters
- Federal Legislation/Regulation

# CREZ Map

Competitive Renewable Energy Zones (CREZ)  
Transmission Optimization Study  
Figure 5: Scenario 2

