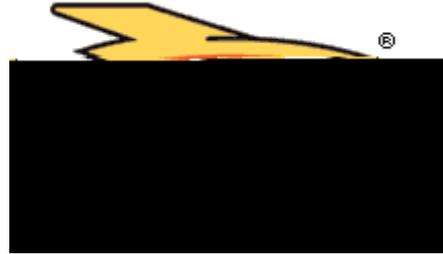


Texas Generation Development Paralysis

by

Susanne Vaughan, PE

Senior Strategy Engineer

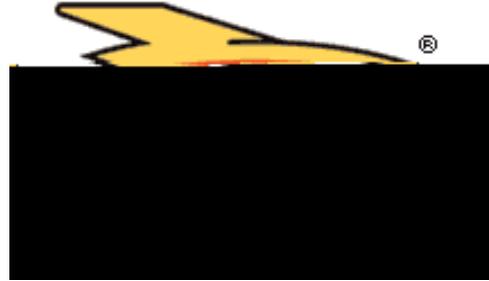


West Texas: Transmission Congestion

- * Over 40,000 MW of wind in the pipeline until 2020
- * Currently over 5,000 MW of wind installed
- * Congestion causing curtailment or higher prices
- * Solar projects may go in on top of wind

LMP: Locational Marginal Pricing (Nodal Market)

- * New transmission pricing goes into effect 2009
- * Will charge higher prices for congestion
- * Risk causing development paralysis
- * Too many unknowns; lenders cannot calculate so reluctant to lend



Senate Bill 7: 2,880 MW from RE by 2009

- * Already met
- * No more need for IOUs to acquire more RE
- * SB 20 changed goal to 5,990 MW (nearly met already)
- * Need \$3 billion in investment in transmission

Pricing for Geothermal:

- * Need to compete with current generation
- * No federal tax investment credits; if no natural gas used, may get PTCs

Size:

- * Capacity must be 1+ MW to even be scheduled on ERCOT

Carbon Tax:

- * When this occurs, playing field may shift favorably

