



Date: August 12, 2008
To: Board of Directors
From: Bill Bojorquez, Vice President of System Planning
Subject: Oncor Renner Dynamic Reactive Device Project

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: August 19, 2008

Agenda Item No.: 8

Issue:

Whether the ERCOT Board of Directors (Board) should endorse Oncor's Renner Dynamic Reactive Device Project.

Background/History:

Generation internal to the Dallas-Fort Worth (DFW) area is anticipated to be restricted by environmental laws in 2009 and beyond. A NERC Category C (single phase bus fault cleared with breaker failure relaying in 14 cycles) contingency with all DFW expected generation available requires activation of the Under Voltage Load Shedding (UVLS) scheme to trip over 2400 MW of firm load.

Oncor has proposed the Renner Dynamic Reactive Device Project (Project) to mitigate these problems (see Attachment B). The project involves the addition of 300 MVar capacitive, 265 MVar inductive, Dynamic Reactive device at the Renner substation by summer 2010. Oncor estimated the cost of this project to be \$35 million.

ERCOT believes the UVLS schemes should not be planned to be relied upon to eliminate post-contingency violations in the Planning Horizon but should activate only as part of a "Safety Net" to prevent system collapse (see Attachment A).

Key Factors Influencing Issue:

1. Generation not able to run due to environmental laws.
2. High DFW area summer peak load with high percentage of motor load (includes air conditioning).
3. UVLS scheme should not be planned to resolve post-contingency violations.

Alternatives:

1. Endorse the need for the Project as recommended by ERCOT staff and supported by the Regional Planning Group.
2. Remand to ERCOT staff with instructions.



Conclusion/Recommendation:

ERCOT staff respectfully recommends that the Board endorse the need for the Project.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, Oncor's Renner Dynamic Reactive Device Project is required for reliability reasons, and

WHEREAS, Electric Reliability Council of Texas, Inc. (ERCOT) staff and the Regional Planning Group both endorse the need for the Project, therefore be it:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of ERCOT hereby endorses the need for the Project.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its August 19, 2008 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by a vote of _____.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2008.

Michael G. Grable
Corporate Secretary