

ERS: The Reserve Solution



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Walters Power International (“WPI”)



- Oklahoma based WPI has over **20 years experience** in power generation and **developed the largest reserve power portfolio in the UK.**



Texas Power Reserve (“TPR”)



- Texas Power Reserve is an affiliate of Walters Power International.
- TPR is developing a **portfolio of small power plants** that are co-located with ERCOT served industrial facilities to provide **generation service to the hosts** and **participate in the Demand Response** programs of ERCOT.
- TPR’s first plant is located in Tyler, TX.

ERS is Inexpensive



- ERS capacity is approximately **950 MW** and is now purchased for **\$50m (\$52,630/MW/year)** or **\$4.40/kW/month**.
- Lease rates for an operational containerized power module is a minimum of **\$15/kW/month, up to \$200,000/MW/Year**.
- **ERCOT** gets a bargain at **\$50K/year (75% discount)**.
- **Stored energy** options are all **more expensive** and make an even more dramatic comparison in favor of ERS.
- **ERCOT** gets **standby generation capacity for one fourth of the average equipment lease cost** and pays nothing for mobilization, maintenance or operations. This is a **very inexpensive** reserve option.

Industrial Hosted ERS projects



- The industrial host gets:
 - 100% backup capacity at no capital cost and a very low operating cost (\$0.39/kWh on average).
 - 4CP protection by offsetting their load during warning periods.
 - If on an indexed retail contract, can ‘peak shave’ to reduce their costs during high rate periods.



Nothing comes easy



- **Air permits are disassociated from** the very **low annual operating hours** anticipated out of reserve plants. 24 hour tests are inconsistent in that these units will emit a fraction of a normal base load plant.
- **Interconnection agreements are** complicated but more importantly **time consuming** (years not months). A 10-20 MW plant should not be treated like a 1,000 MW plant.

The Future



- The **UK market** (STOR) became so **diluted** by significant additions to reserve capacity that **weakened and diminished the amount of reliable reserve power** being offered into the market. The UK has now implemented a very expensive capacity reserve system that is distorting pricing and development.
- The **ERS program** in Texas appears to be **headed down a similar path.**
- **ERS rates** should be **supported** at a level to allow that this small reserve power generation market to provide a **solid backup to the robust Texas deregulated system.** The cost of such support is in the tens of millions range, not hundreds.

Thank You For Listening to interloping Okies Go Sooners!





Questions?

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