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 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.
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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