Article Side

Power shortage in Texas predicted for the next 10 years by ShopTexasElectricity

Article published on June 22nd 2012 | Environment

According to a new report commissioned by the ERCOT (Electric Reliability Council of Texas), the state of Texas is likely to face power shortages for the next 10 years. Unless new power plants are set up to meet the growing demands, and improved economic incentives are offered to guarantee power reliability, Texans face a bleak future when it comes to meeting their electricity needs.

How power shortages can affect life

Power shortages are predicted to happen each year during the peak demand periods. A common instance could be a hot summer day or an extremely cold winter, when the demand of Texas electricity will be at its peak. So, this is likely to be the time when everybodyâ€™s power goes out as there wonâ€™t be enough electricity to meet the demands.

What gives rise to this situation?

In Texas, the demand for power has been principally driven by a robust economy and a 21% growth of population over the last decade, as per the U.S. Census figures. The power grid has been strained of late due to the extreme weather conditions, which in turn has made ERCOT notch up a few peak-use records during the last year.

Though Texas power producers added almost 25,000 megawatts of new gas and coal-fired plants over the last decade, they have halted most of the new plant construction as a result of rising power prices that donâ€™t encourage new investment, and volatile economics.

From more than $4.00/mmBTU last year, natural gas prices have come down to $2.45/mmBTU. Whatâ€™s more, next two yearsâ€™ gas curve does not show any projected returns matching the last yea levels.

To make matters worse, unlike the power markets of other states, ERCOT does not provide capacity payments to ensure the availability of generators, which could have been sent out during peak power usage periods. Since the Texas energy deregulation allows customers to shop around, procurers of power get discouraged to enter into long-term agreements of power purchase from wholesale generators like TCEH. So, itâ€™s no wonder that ERCOT power producers, driven by low revenue visibility, are forced to rely on factors that are difficult to predict, like extreme weather conditions and fluctuations in the price of natural gas.

The EPA actions that prevent the set up of coal-fired power plants are also adding to the problem of power shortage. Though many experts talk about the ability of new coal technology to allow clean burning of cheap coal, thus meeting the rising demand for electricity without polluting the environment, the green activists and EPA are in no mood to oblige.

What the future beholds

From 13.75%,ERCOT's reserve margin is forecasted to dip to 9.8% as early as 2014. By 2015, it is likely to slide down further to 6.9%. The situation is expected to become worse in later years, but laying down a clear picture is difficult at the moment. A primary concern for Texas electricity consumers is that very little new generation is planned between 2014 and 2016, which in turn will adversely affect the entire power scenario.

Conclusion

Unless well planned steps are taken to alleviate the potential risks, Texas electricity consumers stare at a long spell of power shortage.

Article Source:
http://www.articleside.com/environment-articles/power-shortage-in-texas-predicted-for-the-next-10-years.htm - Article Side

ShopTexasElectricity - About Author:
Shop Texas Electricity helps consumers and businesses compare and shop for their electricity plans in Texas. For more information visit a Texas Electricity & a Texas Electricity Rates

Article Keywords:
Texas Electricity, Texas Energy, Texas Electric, Texas Electric Providers, Texas Electric Companies

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!