



## **Item 3: Executive Updates**

*Bill Magness*

President and Chief Executive Officer  
ERCOT

Urgent Board of Directors Meeting

ERCOT Public  
April 13, 2021



## Financial Update

*Sean Taylor*

Vice President and Chief Financial Officer  
ERCOT

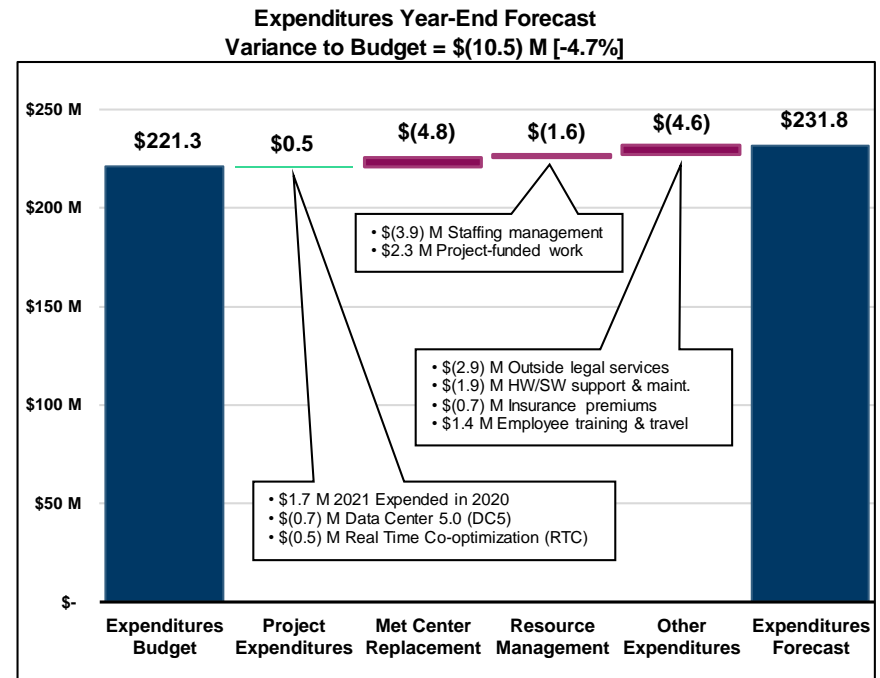
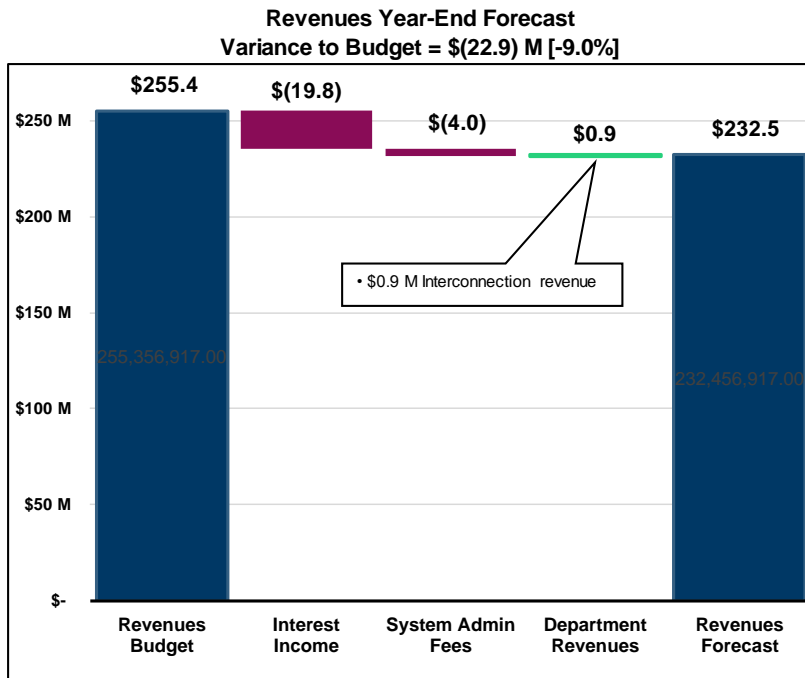
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# Review 2021 Financial Summary: 2021 Variance to Budget (\$ in Millions)

**Net Available Year-End Forecast Variance to Budget = \$(33.4) M**



Charts may not foot due to rounding





## Operations Update

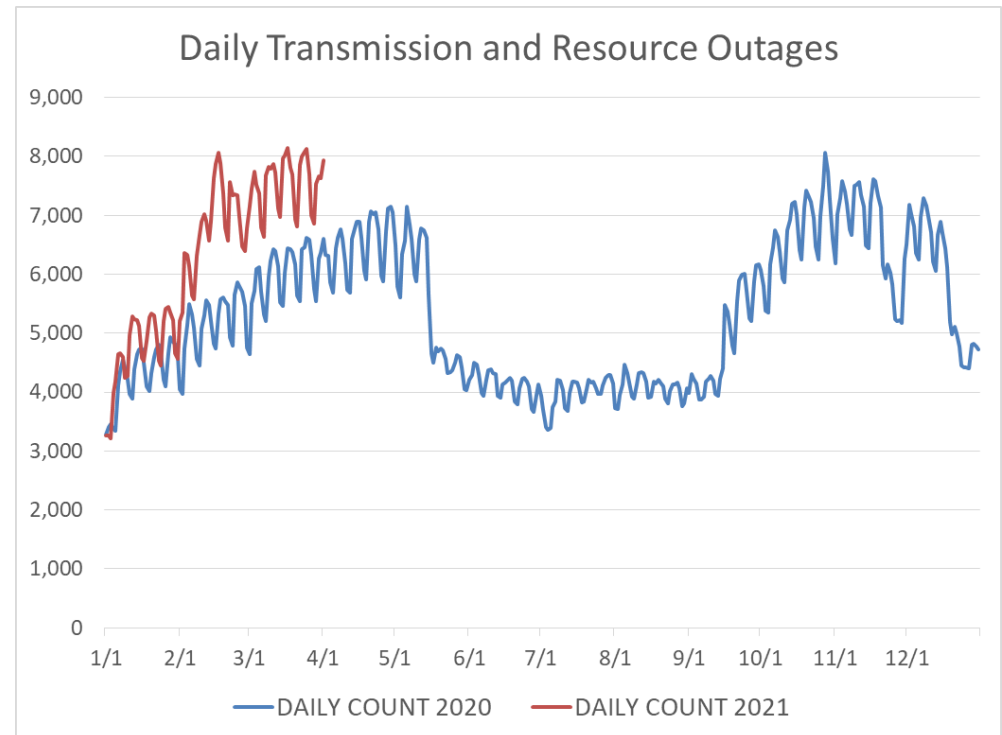
*Woody Rickerson*  
Vice President, Grid Planning and Operations  
ERCOT

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# Summer Preparations

- Large number of transmission and resource maintenance outages underway in preparation for summer when most outages will be restricted
- Gas Electric Working Group
  - Continue coordination efforts to minimize gas supply disruptions during peak summer periods
  - Meeting scheduled for April 19
- ERCOT assessing on-site staffing needs for summer operations



*Increase in outages due to system growth and maintenance required from February winter storm*

# Winter Event Items for Planning & Operations

- Continue to compile data from Requests for Information (RFIs) and work on post-event analysis
- Progress on initial improvement items outlined in letter sent to Technical Advisory Committee (TAC) on March 2:
  - Item 1 – ERCOT is drafting rule changes that consider new reporting requirements for the amount of load that each Transmission Service Provider (TSP) could effectively include in rotating outages
  - Item 3 – As part of continued coordination with Transmission Operators and gas suppliers, a new critical infrastructure form has been posted on the Gas Electric Working Group (GEWG) web page
  - Item 4 – Expanded scenarios in the preliminary summer Seasonal Assessment of Resource Adequacy (SARA) to include more extreme threats to reliability
  - Item 5 – ERCOT is drafting rule changes to implement modifications to ERCOT outage reporting requirements and disclosure
  - Item 6 – ERCOT is drafting rule changes to improve the accuracy of resource telemetry information related to Physical Responsive Capability (PRC) reporting
  - Item 7 – Changes to include new telemetry requirements for Settlement-Only Distribution Generator that will increase transparency for ERCOT Operations



# System Inertia Update

- Electric system inertia is a measure of energy that is stored in large rotating machines that are synchronized to the grid at 60 Hz
- Analysis shows inertia level needs to be higher than 100 GW.s
  - At this level or above, current Ancillary Services products are sufficient
  - Since ERCOT began tracking inertia in 2013, the lowest inertia has been fairly constant in the 130 GW.s range, with the lowest being 128.8 GW.s in November 2018
- On March 22, a new low inertia level was set at 109 GW.s
  - A high wind penetration record was set on the same day at 66.47%
- ERCOT has operational procedures to bring additional synchronous generation online to keep inertia above 100 GW.s
  - Critical inertia level alarm is triggered at 120 GW.s
  - Can RUC resources for future hours to maintain critical inertia level above 105 GW.s



## Commercial Operations Update

*Kenan Ögelman*

Vice President, Commercial Operations  
ERCOT

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## Financial Update: Cumulative Short-Pays

- As of the March 12 Urgent Board meeting, the cumulative aggregate short-pay amount was approximately \$3.021 billion.
- As of April 1, outstanding short-pays totaled \$2.896 billion, a decrease of \$0.125 billion.
- Factors driving changes to the total short-pay amount:
  - Increases from ongoing non-payment of invoices by Market Participants that have not been terminated.
  - Decreases from application of payments due to short-paying Market Participants.
  - Decreases from funds received from Market Participants under payment plans.



## **Compliance Update**

*Betty Day*

Vice President of Security and Compliance &  
Chief Compliance Officer  
ERCOT

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# Joint FERC/NERC Inquiry

- On February 16, Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Corporation (NERC) announced a joint inquiry into the electric and natural gas outages and disruptions during the first week of February in Texas and the south central United States
- The reason for the inquiry is two-fold:
  - Identify causes of the outages and disruptions
  - Make recommendations to prevent such outages and disruptions in the future
- Participation includes:
  - FERC
  - NERC
  - Texas Reliability Entity, Inc. (Texas RE) and other Regional Entities
  - ERCOT
  - Southwest Power Pool (SPP)
  - Midcontinent Independent System Operator (MISO)



## Joint FERC/NERC Inquiry

- Requests for Information were sent to multiple parties across multiple regions
- On March 17, ERCOT received a data request with 31 questions
- Responses were due March 31
  - Extension granted on two questions with deadline of April 9
- Virtual site visits will be held May 4 and May 7
  - Allows ERCOT the opportunity to present the event from our perspective
  - Gives them the opportunity to ask subject matter experts (SMEs) questions
- Final report expected by Q4 2021





## Major Projects Update

*Mandy Bauld*  
Senior Director, Project Management Office  
ERCOT

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# Major Project Updates

## OKR: Deliver defined stages of the Passport Program (Pre-Passport Projects)

<b>Fast Frequency Response (FFR) Advancement</b>	<ul style="list-style-type: none"> <li>Objective and Key Result (OKR) Target: Complete the planning phase in May 2021</li> <li>Planning phase activity is currently on track but team is aware of and managing risk</li> <li>Risk: Key resources constrained following the February weather event</li> </ul>
<b>DGR &amp; DESR Implementation</b>	<ul style="list-style-type: none"> <li>OKR Target: Go-live in December 2021 (not trending)</li> <li>Planning phase activity is behind schedule</li> <li>Risk: Key resources constrained following the February weather event</li> </ul>
<b>BES Combo Model</b>	<ul style="list-style-type: none"> <li>OKR Target: Complete the planning phase in March 2021 (not trending)</li> <li>Planning phase activity is behind schedule</li> <li>Risk: Key resources constrained following the February weather event</li> </ul>
<b>Implementation of NPRR986 BESTF-2, NPRR971, &amp; NPRR1043</b>	<ul style="list-style-type: none"> <li>Go-live occurred in Release 2; settlement effective April 2</li> <li>Remaining report release aligned with timing of 60-day reports (scheduled for 5/31)</li> </ul>

## OKR: Complete market-facing initiatives advancing reliable operations, market systems and data transparency

<b>Resource Integration &amp; Ongoing Operations (RIOO)</b>	<ul style="list-style-type: none"> <li>RIOO in use for view/update of existing registration data for large Generation Resources</li> <li>OKR Target: Complete RIOO system to retire RARF in December 2021 (not trending)             <ul style="list-style-type: none"> <li>Q4 2021: Create new registration data for new large Generation Resources and create/view/update registration for SODG Resources</li> <li>Q1 2022: Create/view/update registration data for Load Resources and small Generation Resources (&lt; 10 MW / DGR / TGR)</li> </ul> </li> </ul>
<b>Enterprise Content Management System (ECMS)</b>	<ul style="list-style-type: none"> <li>New Management Information System (MIS) in use</li> <li>OKR Target: Fully combined new MIS/ERCOT.com website in November 2021 (trending)             <ul style="list-style-type: none"> <li>First release in May 2021</li> <li>Second release in November 2021</li> </ul> </li> </ul>

