



CEO UPDATE

SEPTEMBER 21, 2010

Trip Doggett
President & CEO

ERCOT PEAK DEMAND RECORDS

INSTANTANEOUS PEAK: AUGUST 23, 2010 3:56 PM

66000

59.977

15.5259



PEAK DEMAND RECORDS

ONLINE CAPACITY

68K MW

67K MW

66K MW

65K MW

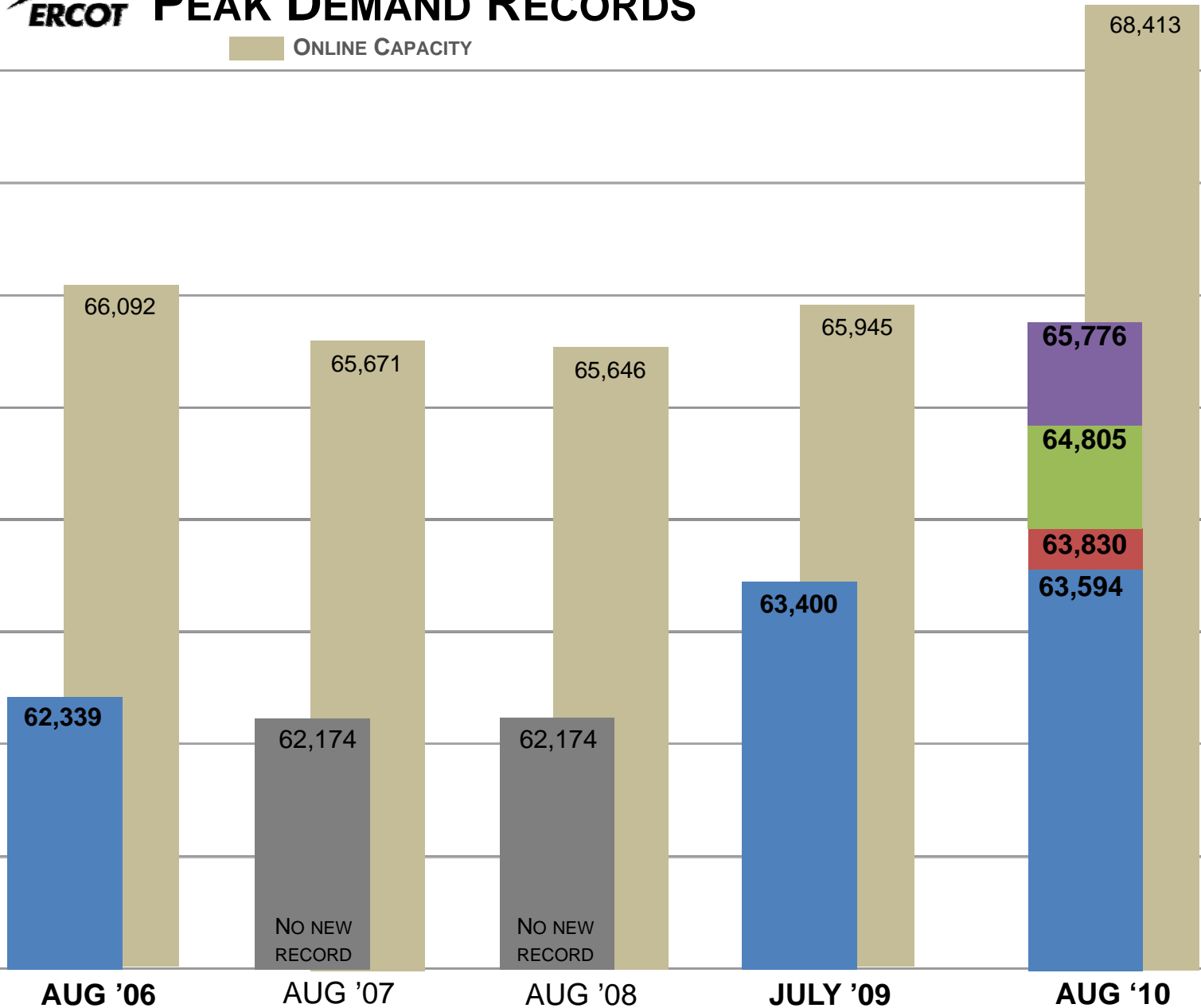
64K MW

63K MW

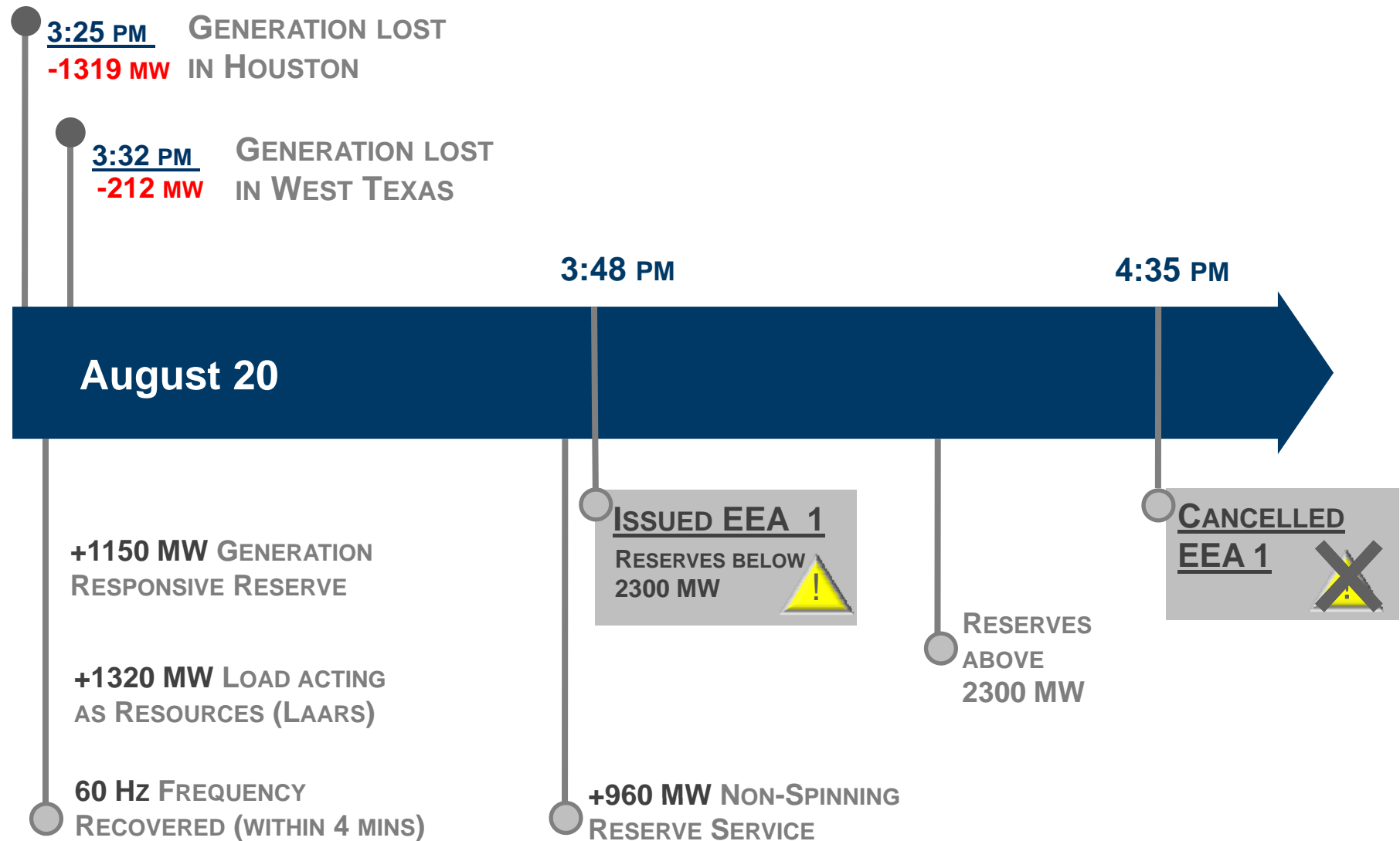
62K MW

61K MW

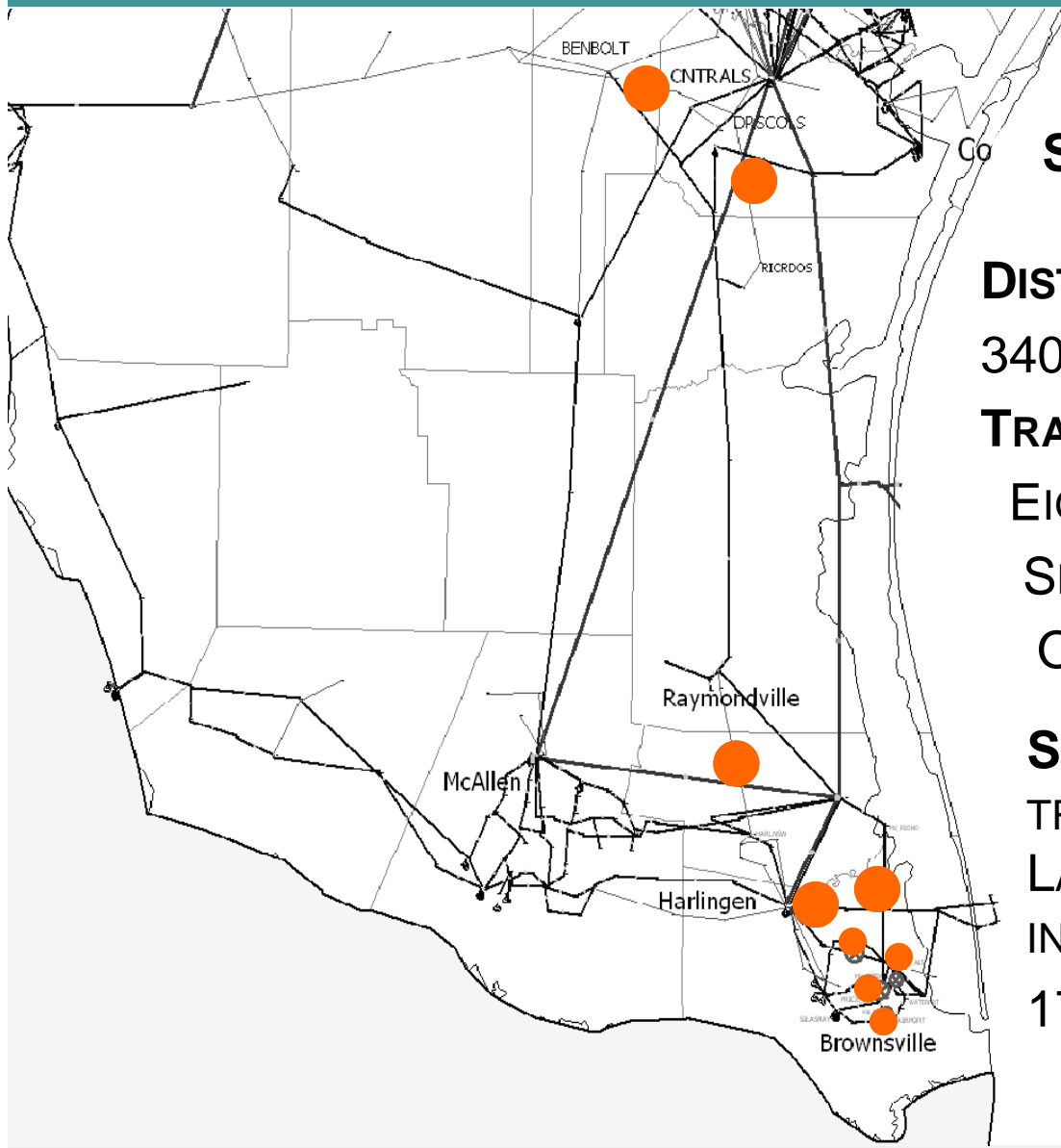
60K MW



ENERGY EMERGENCY ALERT LEVEL 1 – AUGUST 20, 2010



TROPICAL STORM: HERMINE



SEPT 6: STORM LANDFALL AT 10 PM

DISTRIBUTION OUTAGES

340,350

TRANSMISSION OUTAGES

EIGHT 138 KV LINES

SEVEN 69 KV LINE

ONE 138/69 AUTO

SEPT 7: ERCOT ISSUED A TRANSMISSION WATCH AT 0700. LATER REQUESTED FIRM LOAD BE INTERRUPTED IN BROWNSVILLE AREA. 17 MW OF LOAD FOR 31 MINS.

COLLABORATION

NERC



ERCOT ❖ NERC NERC COMPLIANCE PROGRAM AUDIT EXPERIENCES • COMPLIANCE & RELIABILITY

GERRY CAULEY

NERC CEO

MICHEHL GENT

ERCOT BoD CHAIR

JOHN Q. ANDERSON

NERC BOT CHAIR

PAUL BARBER

NERC BOT VICE-CHAIR

CRAVEN CROWELL

TRE CHAIR

FRED DAY

TRE VICE CHAIR



U.S. DEPARTMENT OF
ENERGY

ERCOT ❖ DEPT. OF ENERGY EXECUTIVES

ERCOT CIP • SECURITY • DOE PROGRAMS

NERC

COMPLIANCE
CERTIFICATION
COMMITTEE

ERCOT ❖ RTO/ISO SUB-COMMITTEE

REGIONAL TRANSMISSION ORGS (RTO) • INDEPENDENT SYS. OPERATORS (ISO)

AUDIT RESULTS & LESSONS LEARNED • ORG. DESIGN •
COMPLIANCE & IT SECURITY RESOURCES • ANTICIPATED
IMPACTS OF NERC'S CYBER SECURITY RESPONSE ON RTO/ISO'S



SEPT. 21, 2010

FINANCIAL PERFORMANCE

YTD BUDGET VS. ACTUAL PERFORMANCE: \$12.1 MILLION FAVORABLE
PLUS \$3.4M RECOVERY FROM THE RESERVE (ONE-TIME EVENT)

REVENUE \$1.8 Million favorable System Administration Fee

EXPENSES

- \$6.6 Million favorable in Salary & Benefits
- \$2.1 Million favorable in Interest Expense
- \$1.0 Million favorable in Outside Services
- \$0.8 Million favorable in Facilities and Other
- \$0.5 Million favorable in Protocol Services
- \$0.7 Million unfavorable in Revenue Funded Projects

FINANCIAL PERFORMANCE

YEAR-END PERFORMANCE FORECAST : \$10.6 MILLION FAVORABLE
PLUS \$3.4M RECOVERY FROM THE RESERVE (ONE-TIME EVENT)

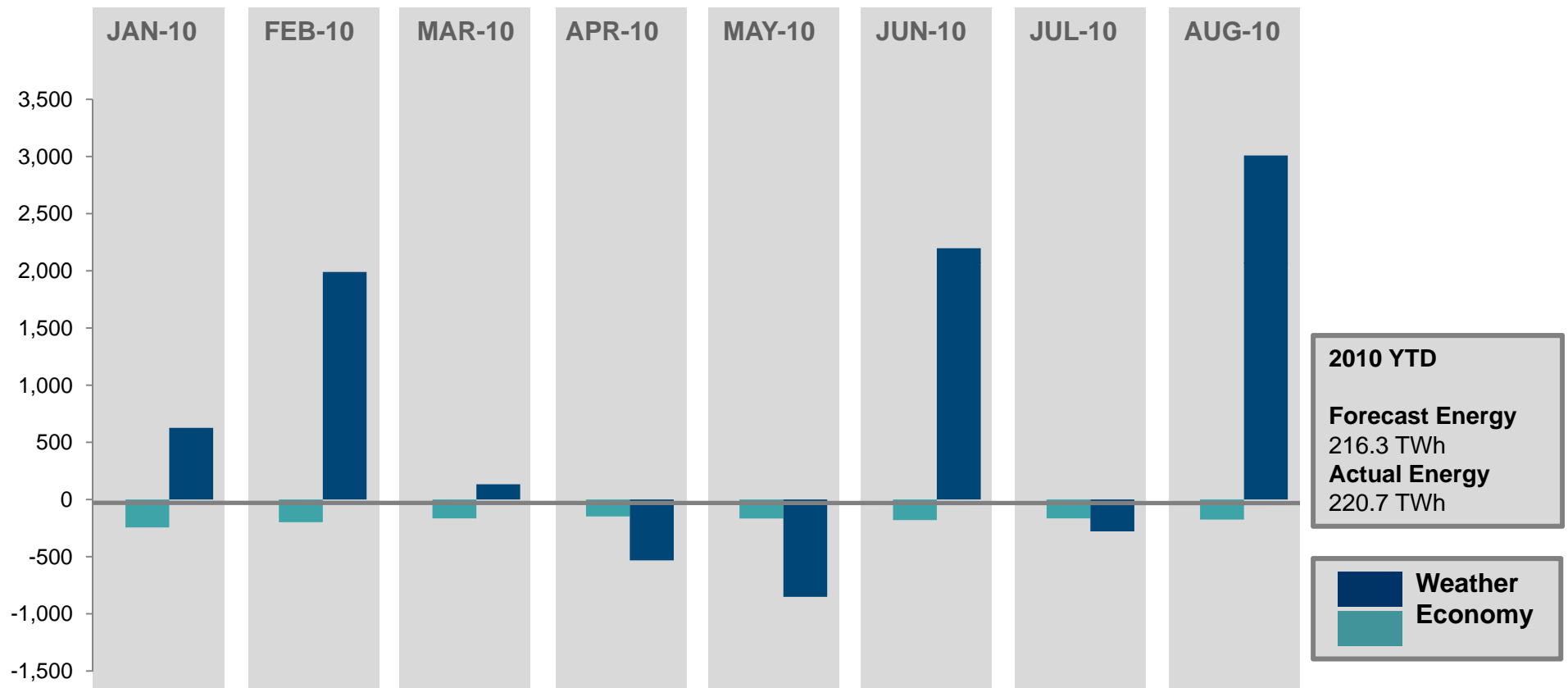
REVENUE

\$1.1 Million favorable Other Revenue
\$0.3 Million unfavorable Generation Interconnection

EXPENSES

\$5.8 Million favorable Salary & Benefits
\$3.0 Million favorable Interest Expense
\$1.2 Million favorable in Revenue Funded Projects
\$0.7 Million favorable Protocol Services
\$0.9 Million unfavorable Outside Services

IMPACTS OF ECONOMY & WEATHER



NODAL FULL SYSTEM TESTING

168-HOUR FULL SYSTEM TEST

SEPTEMBER 8-15TH

(48-HR CLOSED LOOP TESTING SEPT 12-14)

DAY-AHEAD MARKET (DAM)

- DAILY FOR 7 DAYS
- RESET DAM CREDIT IN ORDER TO FEED REASONABLE DATA INTO CREDIT CALCULATIONS

RELIABILITY UNIT COMMITMENT (RUC)

- HOURLY RUC EACH HOUR ALL 7 DAYS
- DAY-AHEAD RUC AFTER EACH DAM
- WEEKLY RUC RUN TWICE



ANALYZING DATA DURING 168-HR TEST



FUTURE EVENTS

WORKSHOP FOR RETAIL ENERGY PROVIDERS

- SCHEDULED FOR **OCTOBER**
- HOSTED BY ERCOT AND GCPA
- TRAINING AND PANEL DISCUSSIONS ON ISSUES RELEVANT TO REPS

UPCOMING TESTS:

SEPTEMBER

- CRR MONTHLY AUCTION FOR OCTOBER
- 36-Hr LFC TEST

OCTOBER

- CRR MONTHLY AUCTION FOR NOVEMBER
- 24-Hr LFC TEST

SYSTEM IMPROVEMENTS

IMPROVEMENT IN SPEED OF DAY-AHEAD MARKET SOLUTION

- CALCULATION SPEED ISSUE, NOT A MARKET DESIGN ISSUE
- AFFECTED: POINT-TO-POINT OPTIONS SETTLING IN REAL-TIME MARKET
- ERCOT WORKING WITH NOIES TO RESOLVE
- ERCOT IMPLEMENTED SHORT-TERM FIXES WITH PLANS FOR LONG-TERM RESOLUTION POST GO-LIVE

SYSTEM IMPROVEMENTS

IMPROVEMENTS TO NETWORK MODEL MANAGEMENT SYSTEM

- JULY 1: STABILITY ISSUE RESOLVED
- AUG 1: NAVIGATION FIX RESULTED IN 43% IMPROVEMENT
- AUG 27: VALIDATION FIX RESULTS IN AVG. 45% IMPROVEMENT OF SYSTEM VALIDATION TIME
- FINAL IMPROVEMENTS SCHEDULED BEFORE GO-LIVE

TOPOLOGY PROCESSOR FIXES

- RESULTS CONFIRM THAT SYSTEM CAN CORRECTLY CREATE BOTH PLANNING AND CRR MODELS WITH OUTAGES INCLUDED

ISSUES

ZONAL & NODAL APPLICATION OUTAGES

- AUGUST 29TH – INCORRECTLY CONFIGURED SERVER SETTINGS CAUSED AN OUTAGE TO SOME ERCOT WEB SERVICES. CONFIGURATION MANAGEMENT PRACTICES ARE BEING REVIEWED TO PREVENT FUTURE OCCURRENCES. ROOT CAUSE: HUMAN ERROR.
- AUGUST 30TH – DIGITAL SECURITY CERTIFICATE EXPIRED CAUSING AN OUTAGE OF ZONAL AND NODAL ERCOT WEB SERVICES. CERTIFICATE MANAGEMENT PROCESSES HAVE BEEN REVIEWED WITH STAFF. ROOT CAUSE: HUMAN ERROR.

IMPACTED:

- MARKET INFORMATION SYSTEM (NODAL)
- MOS TEXAS MARKET LINK (MOSTML)
- OUTAGE SCHEDULER
- MARKET MANAGER SYSTEM UI (NODAL)

FAILURE OF STORAGE AREA NETWORK (SAN)

- SEPTEMBER 4TH – CACHE SWITCH FAILED RESULTING IN THE LOSS OF PART OF THE TAYLOR DATA CENTER'S STORAGE AREA NETWORK. A SITE FAILOVER TO THE AUSTIN DATA CENTER WAS REQUIRED TO ENABLE THE HARDWARE REPAIR. ZONAL EMS SYSTEMS NOT IMPACTED.

SYSTEMS IMPACTED:

- NODAL EMS & MMS
- OS & EXTERNAL WEB SERVICES

NODAL EMS SCED FAILURES

- MULTIPLE SCED FAILURES IN AUGUST
- CAUSES
 - HUMAN ERROR. DATABASE LOGS FILLED AND FROZE THE MMS APPLICATION, CAUSING 37 INTERVALS TO FAIL. DOCUMENTATION HAS BEEN UPDATED TO PREVENT THIS IN THE FUTURE.
 - MAJOR HARDWARE FAILURE REQUIRING APPLICATION AND DATABASE FAILOVER TO THE BACKUP SITE. 13 INTERVALS WERE MISSED WHILE THE APPLICATIONS AND DATABASES WERE MIGRATED.
 - SYSTEM BACKUPS WERE CONSUMING SYSTEM RESOURCES, CAUSING FOUR INTERVALS TO FAIL. TUNED BACKUP SETTINGS.
 - SYSTEM PERFORMANCE – MEMORY IN THE HARDWARE HAS BEEN INCREASED.
 - A FLAW IN THE MITIGATION LOGIC WITH CERTAIN TYPES OF DATA CAUSED FOUR INTERVALS TO FAIL. THIS HAS BEEN REPORTED TO THE VENDOR AND A FIX WILL COME IN A FUTURE SOFTWARE RELEASE.
 - A DEFECT IN THE WORKFLOW PROCESS WITHIN THE SOFTWARE CAUSED THREE INTERVALS TO FAIL. THIS HAS BEEN REPORTED TO THE VENDOR AND A FIX WILL COME IN A FUTURE SOFTWARE RELEASE.

HEARINGS

AUG 18 HEARING: SENATE COMMITTEE ON NATURAL RESOURCES

- Testified on generation adequacy and transmission

AUG 24 HEARING: SENATE COMMITTEE ON BUSINESS & COMMERCE

- Testified on generation adequacy, transmission, Nodal and energy efficiency issues



FUTURE HEARINGS: SEPT 30

- House Committee on Environmental Regulation
- generation adequacy, issues related to climate change

SPECIAL RECOGNITION TO:

NODAL MARKET EDUCATION

