



CEO UPDATE JUNE 21, 2011

Trip Doggett
President & CEO

FINANCIAL PERFORMANCE (UPDATED THROUGH MAY)

YTD BUDGET VS. ACTUAL PERFORMANCE: \$8.3 MILLION FAVORABLE

REVENUE

\$3.4 Million favorable for 2010 Carry Forward
\$1.8 Million favorable System Administration Fee
\$0.3 Million unfavorable Grant Funding from
Department of Energy

EXPENSES

\$2.4 Million favorable in Revenue-Funded Project
Expenditures
\$0.7 Million favorable in Facilities & Equipment Cost
\$0.2 Million favorable Outside Services

FINANCIAL PERFORMANCE (UPDATED THROUGH MAY)

YEAR-END PERFORMANCE FORECAST : \$9.7 MILLION FAVORABLE

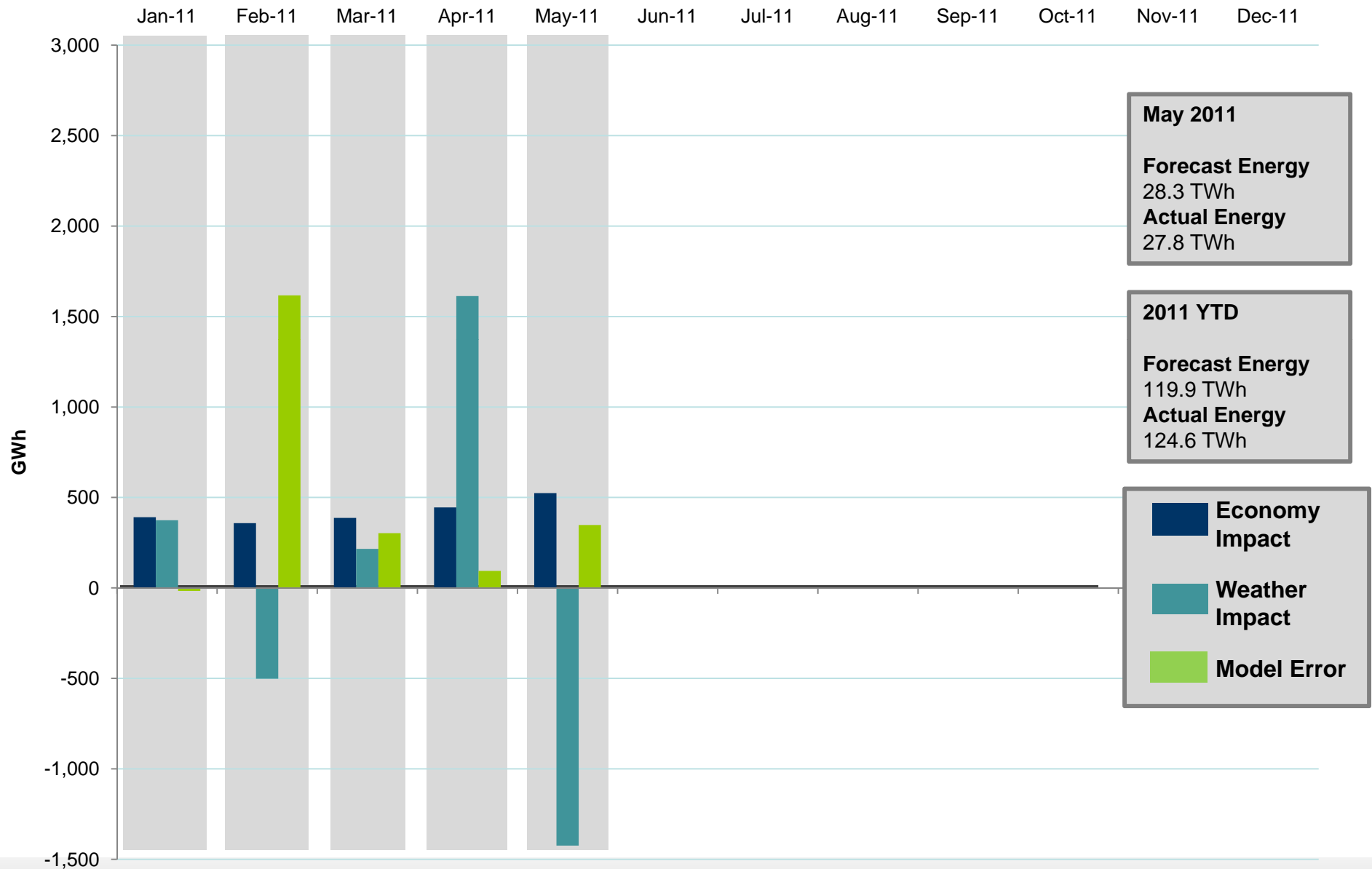
REVENUE

\$3.4 Million favorable 2010 Carry Forward
\$2.3 Million favorable System Administration Fee

EXPENSES

\$4.0 Million favorable Revenue-Funded Projects
\$0.4 Million favorable Outside Services
\$0.3 Million unfavorable Salary & Benefits

IMPACTS OF ECONOMY & WEATHER – 2011



DEPARTMENTAL UPDATES – IT/FACILITIES

Data Center Migration

- Current: 26.9% complete, 15.52% in progress
- Previous: 7.55% complete, 24.4% in progress
- Wave 0 (Equipment installation)
 - Tasks complete
 - Finished 6 weeks late due to SAN installation delays
- Wave 1 (Corporate and Infrastructure support servers)
 - 61.8% complete (218 servers), 135 in progress
 - Primarily email and monitoring systems
- Wave 1.5.1– VMWare Corporate is 100% complete
- Wave 1.5.2- VMWare Development is 56.3% complete
- Wave 2 (Development and Test servers)
 - 16.5% complete (109 servers)

Met Center Lease

- Negotiations in progress for sublease of data center and control room

BASTROP CONTROL CENTER – JUNE 13, 2011

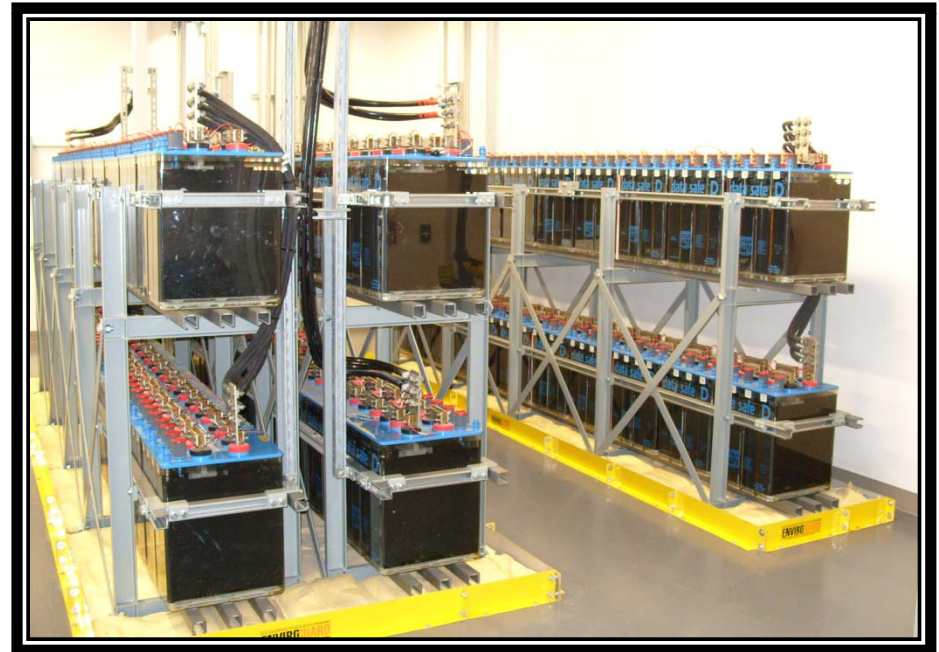


BASTROP CONTROL CENTER – JUNE 13, 2011



Generators and Chillers

UPS Batteries



DEPARTMENTAL UPDATES (CONT.)

Finance

- Completed 67 of 69 actions off the ADP issue log, with #68 due to complete June 17th and #69 on July 1st

Commercial Operations

- Surpassed 3M mark for Advanced Meters in Settlement
- Implemented NPRR329 – making 17 extracts/reports available publicly

Legal

- Preparing proposals for changes to ERCOT's Bylaws and other governing documents to implement the Commission's ERCOT Oversight Rule adopted in March 2011. Several changes will be proposed to the Board to conform ERCOT's governance documents to changes made by the Commission's rule.
- Actively engaged in The Dodd-Frank exemption effort involving examination of several complex legal, financial, and corporate risk issues. Several members of the legal department are engaged in the effort – along with outside counsel – to investigate numerous legal issues, and to coordinate ERCOT's efforts with the PUCT, Commodity Futures Trading Commission (CFTC), and Market Participants.

DEPARTMENTAL UPDATES (CONT.)

System Operations

- Organized and hosted June 8th workshop for generators to share lessons learned regarding weatherization from the February 2nd event and discuss summer season preparedness. 51 attended in person, 154 attended via WebEx.
- TSPs are submitting NOMCRs and PMCRs to reconcile differences between the Operations and Planning models. This is the first step to transitioning to a full Model On Demand “seed” for Planning Go-Live in April 2012 via SCR 760. The requirements and Siemen’s estimate are complete for three parts of SCR 760 and the Statement of Work is being developed. We are working on the requirements for the remaining four parts.
- The Modeling group is now producing (95% automated) future EMS one-line diagrams to match future NMMS files. This will give Outage Coordinators and Engineers the ability to see future changes in stations.

Compliance and Human Resources

- **Performance Management:** Developing Corporate Strategic Timeline. The goal is to have a defined timeline that allows managers to prepare and define annual business plans for their areas. Will enhance our approach in evaluating year end performance.
- **People Development:** UT will conduct training on “Presentation Coaching for Executives and Senior Managers.” The goal of the program is to help gain the skills, comfort, and confidence required to deliver effective presentations and have an impact on the audience. Twenty-four managers have been selected to take part.
- **Benefits:** Financial Planning Meetings held May 11th – 13th, 2011

ERCOT – OUT AND ABOUT

2nd Annual Benefits Fair – May 11th & 12th

- ADP
- Airrosti
- Conexis
- Aon
- Chase Bank
- CIGNA
- Alliance Work Partners (EAP)
- Gallagher Benefit Services
- Sam's Club
- UNUM
- UFCU
- VSP
- ERCOT's Wellness Committee



82ND LEGISLATIVE SESSION

PASSED:

- SB 1125 on energy efficiency goals and loads in SCED. Effective 9/1/11

PENDING ACTION FROM THE GOVERNOR:

- SB 943, the storage bill
- SB 981, the distributed renewable generation bill
- SB 1133, the weatherization plan bill
- HB 2133, the disgorgement bill
- SB 652, the safety net bill. ERCOT was put on the same schedule as the PUC, but exempted from review in 2013.

DIED:

- SB 661, the PUC/OPC/ERCOT Sunset bill.
- SB 15, the energy planning council
- HB 773/SB 552, the energy efficiency coordinating council
- SB 497, notice to military bases about wind construction
- Solar/nonwind renewable incentive bills
- HB 593, the auditor bill

SPECIAL SESSION BEGAN MAY 31:

- SB 34 has been filed, on interim water utility rates and transferring water utility ratemaking from TCEQ to PUC. It is not on the call and has not had a hearing.

SPOTLIGHT ON: SHELLY BOTKIN — GOVERNMENT RELATIONS MANAGER

- Shelly began her capitol career working for State Senator David Sibley and afterward, worked for the Senate Natural Resources committee.
- She went on to work for Lt. Governor David Dewhurst and Speaker Joe Straus on a variety of energy, environmental and business regulatory issues.
- Shelly is a graduate of Washington University in St. Louis and grew up in Lubbock.

