



CEO UPDATE

SEPTEMBER 20, 2011

Trip Doggett
President & CEO

FINANCIAL PERFORMANCE (UPDATED THROUGH AUGUST)

YTD BUDGET VS. ACTUAL PERFORMANCE: \$15.3 MILLION FAVORABLE

REVENUES

\$7.8 Million favorable System Administration Fee
\$3.2 Million favorable 2010 Carry Forward

EXPENSES

\$2.8 Million favorable Revenue-Funded Projects
\$1.2 Million favorable Facilities & Equipment Cost
\$0.9 Million favorable Salary & Benefits

FINANCIAL PERFORMANCE (UPDATED THROUGH AUGUST)

YEAR-END PERFORMANCE FORECAST: \$16.8 MILLION FAVORABLE

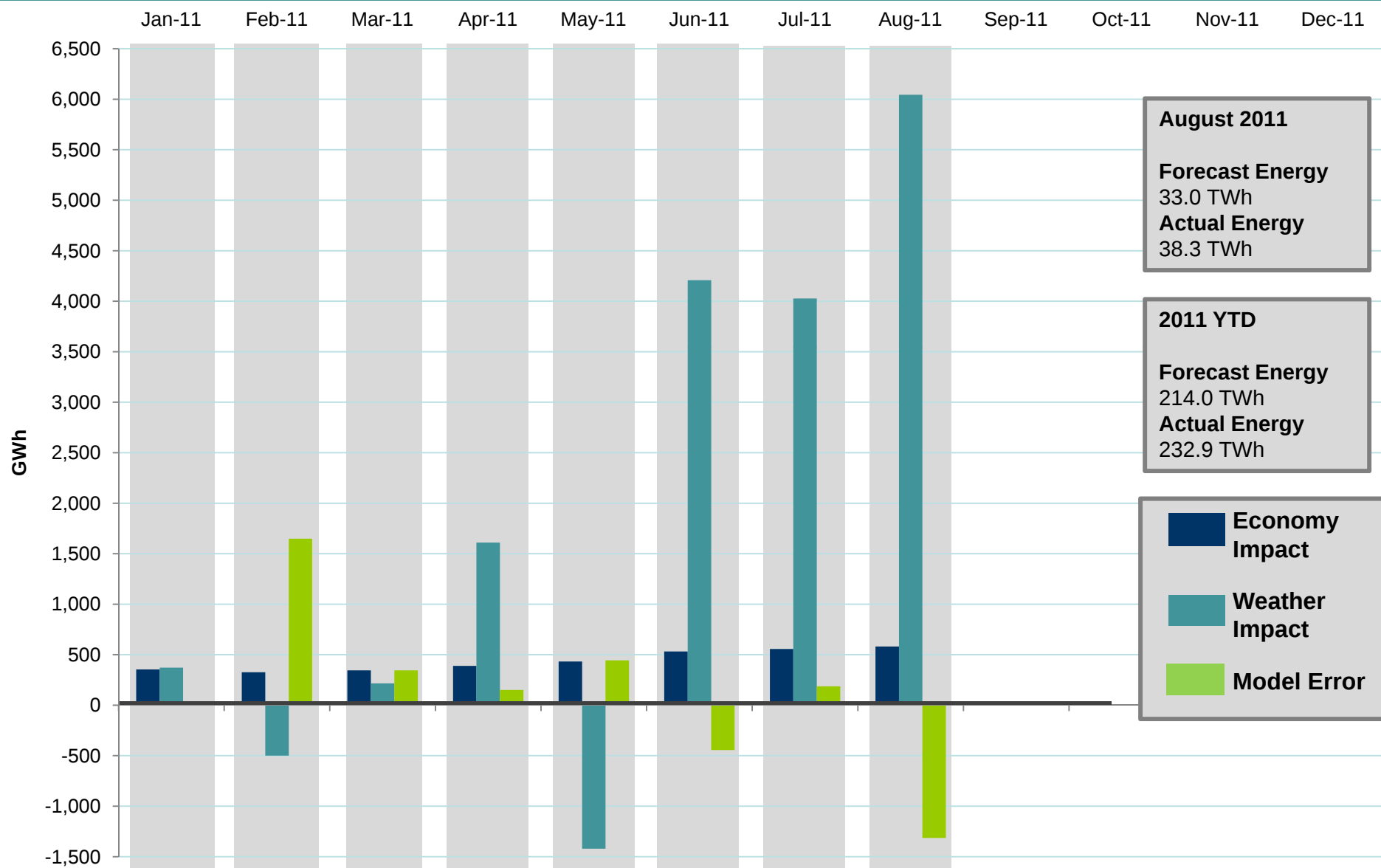
REVENUES

\$9.1 Million favorable System Administration Fee
\$3.2 Million favorable 2010 Carry Forward

EXPENSES

\$4.1 Million favorable Revenue-Funded Projects
\$0.8 Million favorable Facility & Equipment Costs
\$0.4 Million favorable Salary & Benefits
\$0.4 Million favorable Outside Services

IMPACTS OF ECONOMY & WEATHER – 2011



DEPARTMENTAL UPDATES

IT/FACILITIES

Data Center Migration

- ❖ Current: 64.3% complete, 12.0% in progress
- ❖ Previous: 41.9% complete, 16.6% in progress

- Wave 1 (Corporate and Infrastructure support servers)
 - 84.4% complete (254 servers), 47 in progress
 - Primarily departmental file shares and IT support equipment
- Wave 1.5.1 – VMWare Corporate is 100% complete
- Wave 1.5.2 – VMWare Development is 100% complete
- Wave 2 (Development and Test servers)
 - 78.8% complete (515 servers)
- Wave 3 – 50 Servers complete (73.5%), 18 in progress (26.4%)
- Wave 4 – 87 Servers in flight (100%)
- Wave 5 – 68 Servers complete (15.8%), 37 in flight (8.6%)

DEPARTMENTAL UPDATES (CONT.)

BUSINESS INTEGRATION

- Continue to work with ERCOT staff and Market Participants on Non-spin, Storage, and Look Ahead SCED

WHOLESALE MARKETS

- ERCOT performed a back-cast analysis of the stakeholder Non-Spinning Reserve pricing proposals in order to provide information on the dollar impact the proposals would have had on the peaker net margin.

CYBER SECURITY

- ERCOT met with the FBI on September 7, 2011, to review a classified briefing on the current cyber threat analysis to the grid

HUMAN RESOURCES

- The ongoing wildfires forced evacuations for several ERCOT families and claimed the homes of two employees. Boxes for monetary donations have been placed on security desks of both the Taylor and MET locations. Money collected will go directly to affected ERCOT employees. Donation boxes for non-monetary items to be donated to the Red Cross have been placed in the lobbies of TCC1, TCC2, and the MET. Many thanks for the generous responses received from the ERCOT Community Involvement Committee.

STUDENT MENTORING VOLUNTEER FAIR – SEPTEMBER 7TH

One focus of ERCOT's Community Involvement Committee (CIC) is student mentoring. The CIC recently hosted a Student Mentoring Volunteer Fair in Taylor. Employees were encouraged to attend to meet our existing 24 ERCOT employee mentors and to learn more about how they can participate. We also had 20 guests from various Taylor initiatives participate.

“Most successful professionals have had some sort of mentor in their life. Student mentoring gives employees the opportunity to give back, help out a child, and be a good corporate citizen.” – Trip Doggett



MAPS (2nd grade reading program) – 11 mentors

MUNCH (3rd – 12th grade mentoring at lunch) – 12 mentors

Duck University (variety of after school programs) – 4 mentors

BLADEs (Beginners Learning Alternative Designs for Energy) – 25 mentors

ERCOT Community Involvement Committee – 6 volunteers

SPOTLIGHT ON: ERCOT MENTORS

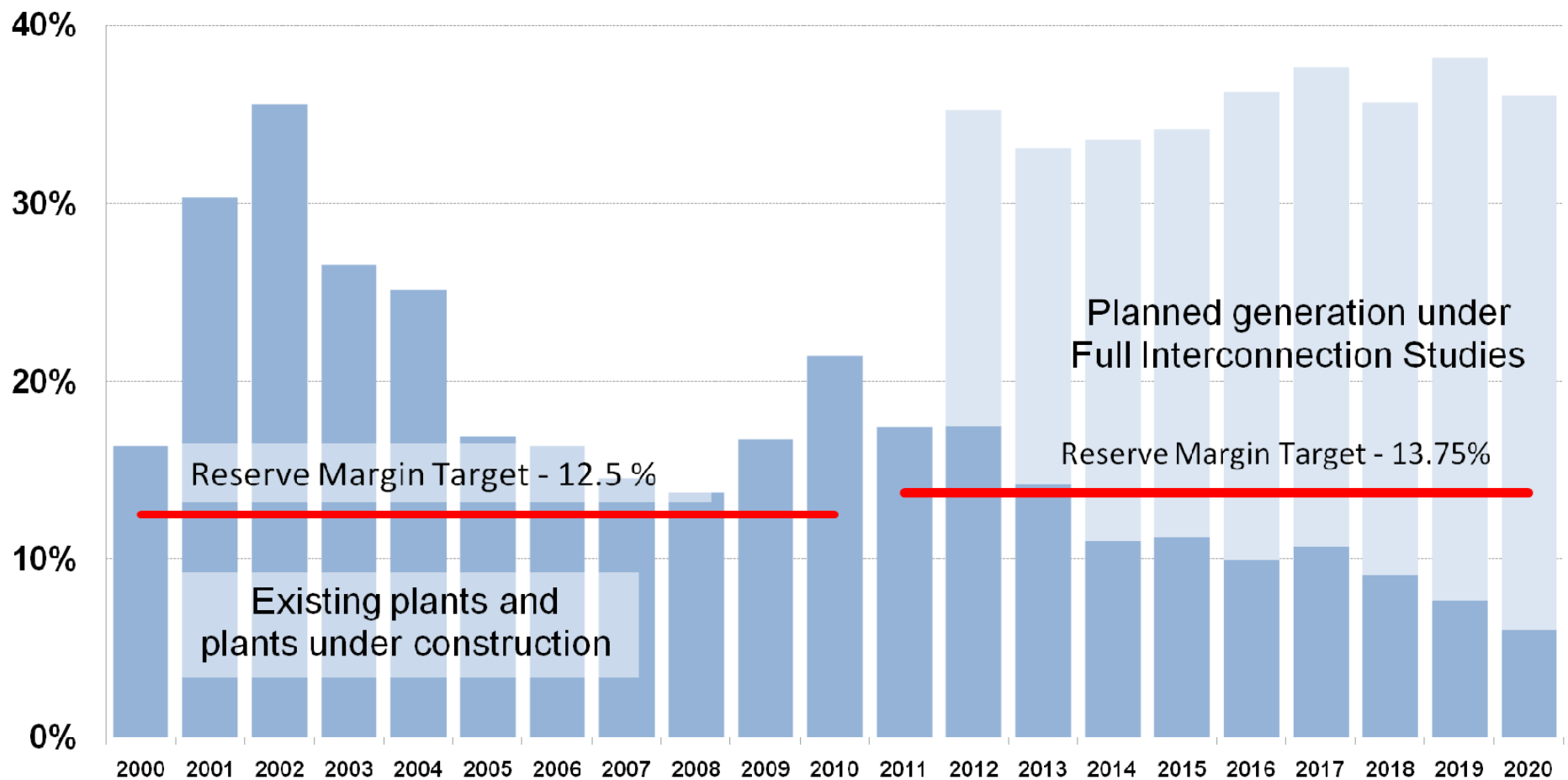
We currently have 63 ERCOT volunteer mentors, across four different Taylor initiatives: MAPS, MUNCH, Duck University and BLADEs:

Adams, John	Guiyab, Rochie	Markham, Lori	Rydell, Brandt
Betanabhatla, Vijay	Hailu, Ted	Martinez, Adam	Sanchez, Diana
Billo, Jeffrey	Hanna, Mick	Martinez, Doreen	Sharma, Sandip
Blevins, Bill	Hasha, Christine	McDonald, Carol	Soto Reyes, Leticia
Conto, Jose	Heath, Robbie	McSherry, Ryan	Spence, Edrick
Dillon, Craig	Hoffman, Wayne	Moody, Theresa	Stock, Dennis
Dixit, Anuj	Holcombe, Rachel	Nuthalapati, Sarma	Tandon, Anand
Ebbs, Penney	Hu, Toby	Page, Dwight	Vega, April
Evans, Jeff	Ierullo, Bruno	Parish, Kimberly	Westbrook, Susan
Farley, Karen	Jarmon, John	Polusani, Jithender	White, Steve
Flores, Isabel	Kanduri, Venkata	Ramasubbu, Priya	Wise, Joan
Gandhi, Niles	Katheiser, Jenell	Ravulapati, Bharath	Zani, Rachelle
Garza, Samantha	Koepke, Joel	Ray, Elizabeth	
Gidituri, Srinivas	Kota, Kiran	Ringling, Julie	
Gonzales, David	Lathrop, Bert	Rocha, Anna	
Gopinath, Karthik	Lawrence, Alanna	Rose, Jonathan	
Graham, Marcy	Madam, Vamsi	Rudd, Jim	

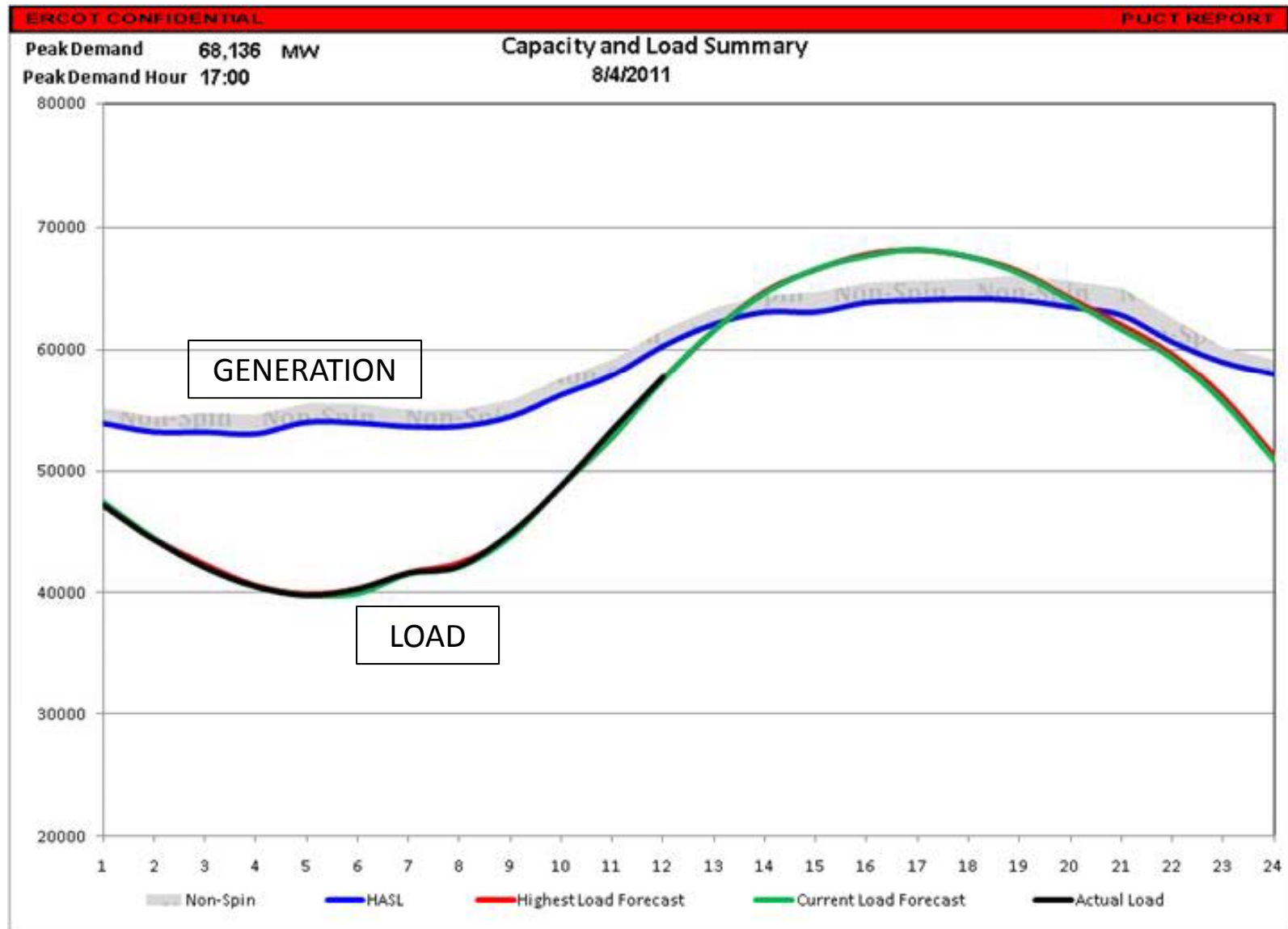
The figure is a map of Texas and surrounding regions, including parts of Oklahoma, Arkansas, Missouri, Louisiana, and New Mexico. It displays the following information:

- Bastrop Wildfires:** Indicated by orange flame icons, primarily concentrated in the central and eastern parts of Texas, near cities like Fort Worth, Dallas, and Austin.
- Transmission Outages:** Represented by red lightning bolt icons, showing outages along major transmission lines, particularly in the central and eastern parts of the state.
- Generating Stations:** Marked with red circular icons, with a notable concentration in the Bastrop area (central Texas).
- Geographical Features:** Major cities (e.g., Dallas, Houston, Austin, San Antonio, Fort Worth, El Paso, Albuquerque, Phoenix, Tucson, Los Angeles, San Diego, San Francisco, Seattle, Portland, Denver, Chicago, New York, Washington, D.C., Atlanta, Miami, Tampa, Orlando, Jacksonville, Savannah, Charleston, Norfolk, Baltimore, Philadelphia, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine, Alaska, Hawaii), state boundaries, and the Gulf of Mexico are labeled.
- Map Interface:** Includes a search bar at the top right, map controls (aerial, road, hybrid), a scale bar (0 to 250 miles), and a copyright notice (© 2011 Microsoft Corporation).

ERCOT RESERVE MARGINS – 2000-2020



HOW DOES THAT 17.5% BECOME <5%?



OPERATING RESERVE MARGIN

TIME: 08/03/2011 16:13

Load: 68,392 MW

2011 Report on the Capacity, Demand, and Reserves in the ERCOT Region

Summer Summary

Load Forecast:	REAL TIME	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Summer Peak Demand, MW	68392	63,898	65,665	67,757	70,540	72,591	74,198	75,365	76,654	77,866	79,274
less LAARs Serving as Responsive Reserve, MW	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063
less LAARs Serving as Non-Spinning Reserve, MW	0	0	0	0	0	0	0	0	0	0	0
less Emergency Interruptible Load Service	421	421	463	509	560	616	678	745	820	902	992
less Energy Efficiency Programs (per SB1125)	128	128	259	395	536	681	829	980	1133	1289	1448
Firm Load Forecast, MW	66,781	62,286	63,880	65,790	68,381	70,231	71,628	72,576	73,638	74,612	75,771
Resources:	REAL TIME	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Installed Capacity, MW	59,367	63,859	63,859	63,859	63,859	63,859	63,859	63,859	63,859	63,859	63,859
Capacity from Private Networks, MW	4,176	5,023	5,071	5,074	5,074	5,074	5,074	5,074	5,074	5,074	5,074
Effective Load-Carrying Capability (ELCC) of Wind Generation, MW	1,895	822	822	822	822	822	822	822	822	822	822
RMR Units to be under Contract, MW	0	0	0	0	0	0	0	0	0	0	0
Operational Generation, MW	65,438	69,704	69,752	69,755	69,755	69,755	69,755	69,755	69,755	69,755	69,755
50% of Non-Synchronous Ties, MW	733	553	553	553	553	553	553	553	553	553	553
Switchable Units, MW	2,841	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962
Available Mothballed Generation, MW	0	0	110	146	164	181	198	198	198	198	198
Planned Units (not wind) with Signed IA and Air Permit, MW	619	260	1,940	1,940	2,720	4,880	5,500	6,780	6,780	6,780	6,780
ELCC of Planned Wind Units with Signed IA, MW	0	13	65	113	131	131	131	131	131	131	131
Total Resources, MW	69,631	73,492	75,382	75,469	76,284	78,461	79,099	80,379	80,379	80,379	80,379
less Switchable Units Unavailable to ERCOT, MW	317	317	317	317	317	317	317	0	0	0	0
less Retiring Units, MW	0	0	0	0	0	0	0	0	0	0	0
Resources, MW	69,314	73,175	75,065	75,152	75,967	78,144	78,782	80,379	80,379	80,379	80,379
Reserve Margin	3.8%	17.5%	17.5%	14.2%	11.1%	11.3%	10.0%	10.8%	9.2%	7.7%	6.1%
(Resources - Firm Load Forecast)/Firm Load Forecast											

OPERATING RESERVE MARGIN

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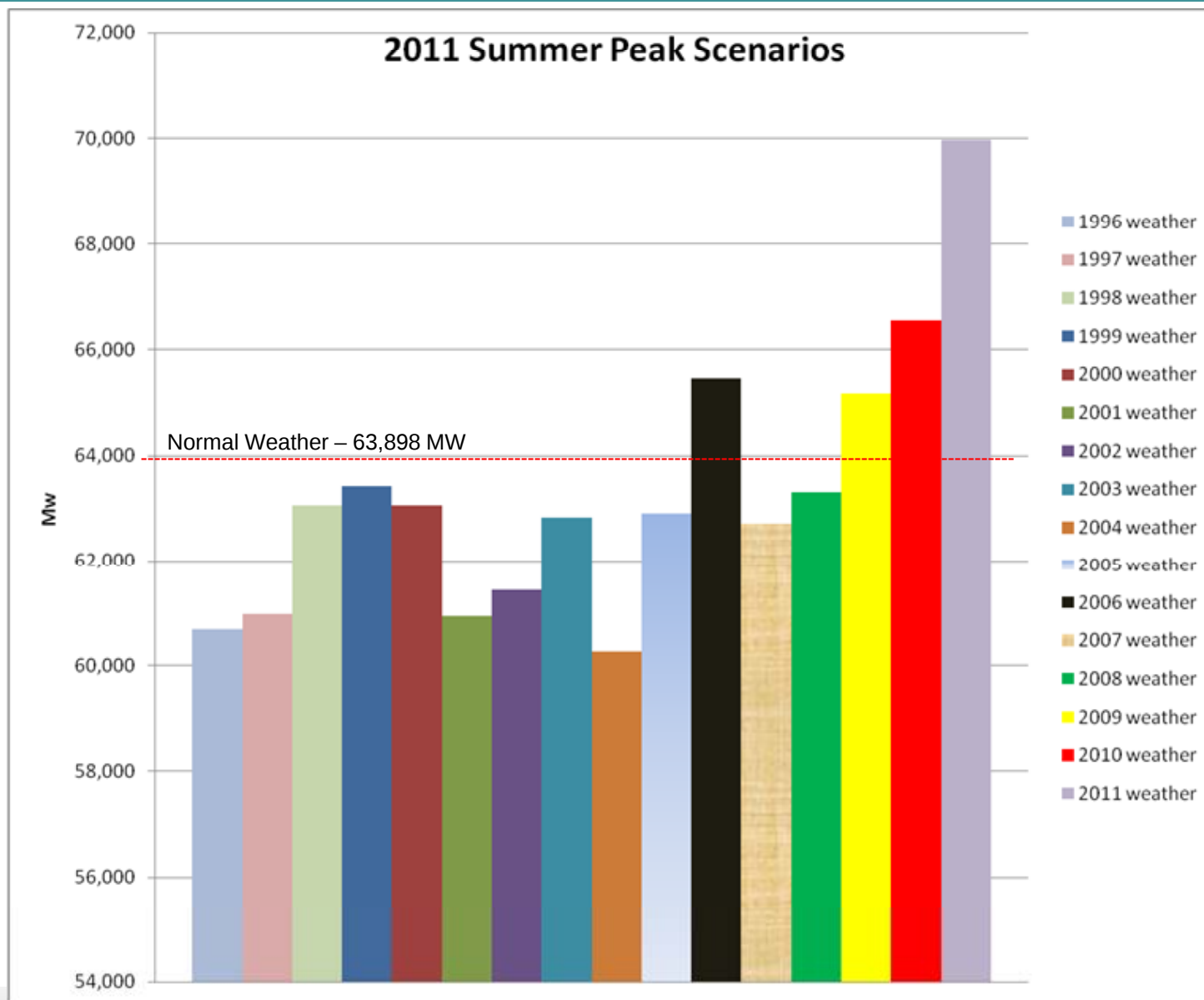
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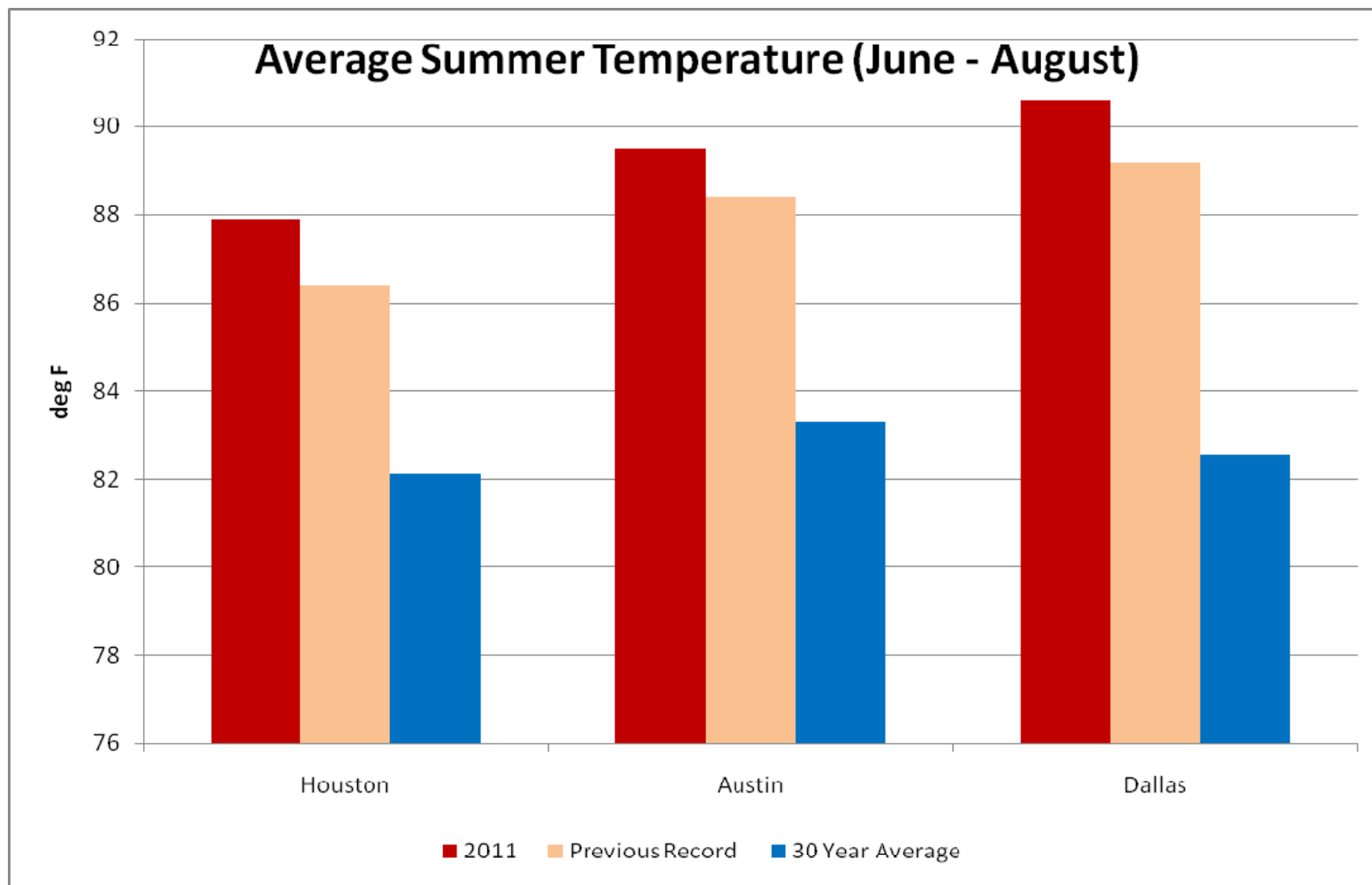
Summer Summary

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Total Summer Peak Demand, MW										75,365	76,654	77,866	79,274
less LAARs Serving as Responsive Reserve, MW		1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063
less LAARs Serving as Non-Spinning Reserve, MW		0	0	0	0	0	0	0	0	0	0	0	0
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50% of Non-Synchronous Ties, MW		733	553	553	553	553	553	553	553	553	553	553	
Switchable Units, MW		2,841	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	
Available Mothballed Generation , MW		0	0	110	146	164	181	198	198	198	198	198	
Planned Units (not wind) with Signed IA and Air Permit, MW		619	260	1,940	1,940	2,720	4,880	5,500	6,780	6,780	6,780	6,780	
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Reserve Margin		3.8%	17.5%	17.5%	14.2%	11.1%	11.3%	10.0%	10.8%	9.2%	7.7%	6.1%	
(Resources - Firm Load Forecast)/Firm Load Forecast													

SUMMER PEAK SCENARIOS



AVERAGE SUMMER TEMPERATURES



OPERATING RESERVE MARGIN

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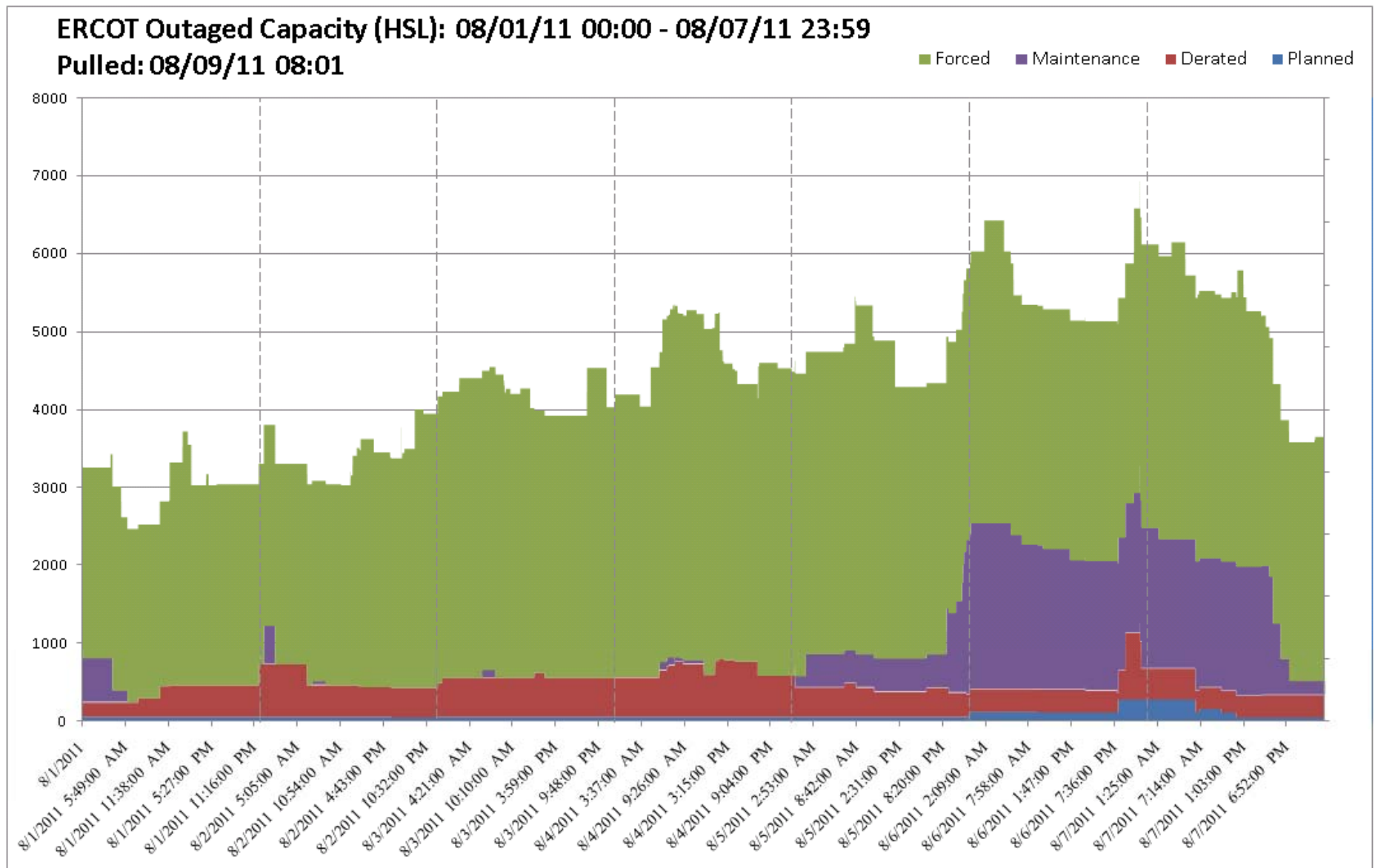
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Installed Capacity, MW											
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(Resources - Firm Load Forecast)/Firm Load Forecast											

GENERATION OUTAGES: 08/01 – 08/07



OPERATING RESERVE MARGIN

TIME: 08/03/2011 16:13

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Resources:	REAL TIME	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Installed Capacity, MW	59,367	63,859	63,859	63,859	63,859	63,859	63,859	63,859	63,859	63,859	63,859
Capacity from Private Networks, MW	4,176	5,023	5,071	5,074	5,074	5,074	5,074	5,074	5,074	5,074	5,074
Effective Load-Carrying Capability (ELCC) of RMR Units to be under Contract, MW								822	822	822	822
Operational Generation, MW	63,430	63,704	63,732	63,733	63,733	63,733	63,733	69,755	69,755	69,755	69,755
50% of Non-Synchronous Ties, MW	733	553	553	553	553	553	553	553	553	553	553
Switchable Units, MW	2,841	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962
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Resources, MW	69,314	73,175	75,065	75,152	75,967	78,144	78,782	80,379	80,379	80,379	80,379
Reserve Margin (Resources - Firm Load Forecast)/Firm Load Forecast	3.8%	17.5%	17.5%	14.2%	11.1%	11.3%	10.0%	10.8%	9.2%	7.7%	6.1%

Capacity from Private Networks

4,176 5,023



OPERATING RESERVE MARGIN

TIME: 08/03/2011 16:13

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Effective Load-Carrying Capability (ELCC) of Wind Generation, MW	1,895	822	822	822	822	822	822	822	822	822	822
RMR Units to be under Contract, MW	0	0	0	0	0	0	0	0	0	0	0
Operational Generation, MW	65,429	68,784	68,752	68,755	68,755	68,755	68,755	69,755	69,755	69,755	69,755
50% of Non-Synchronous Ties, MW								553	553	553	553
Switchable Units, MW	2,841	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962	2,962
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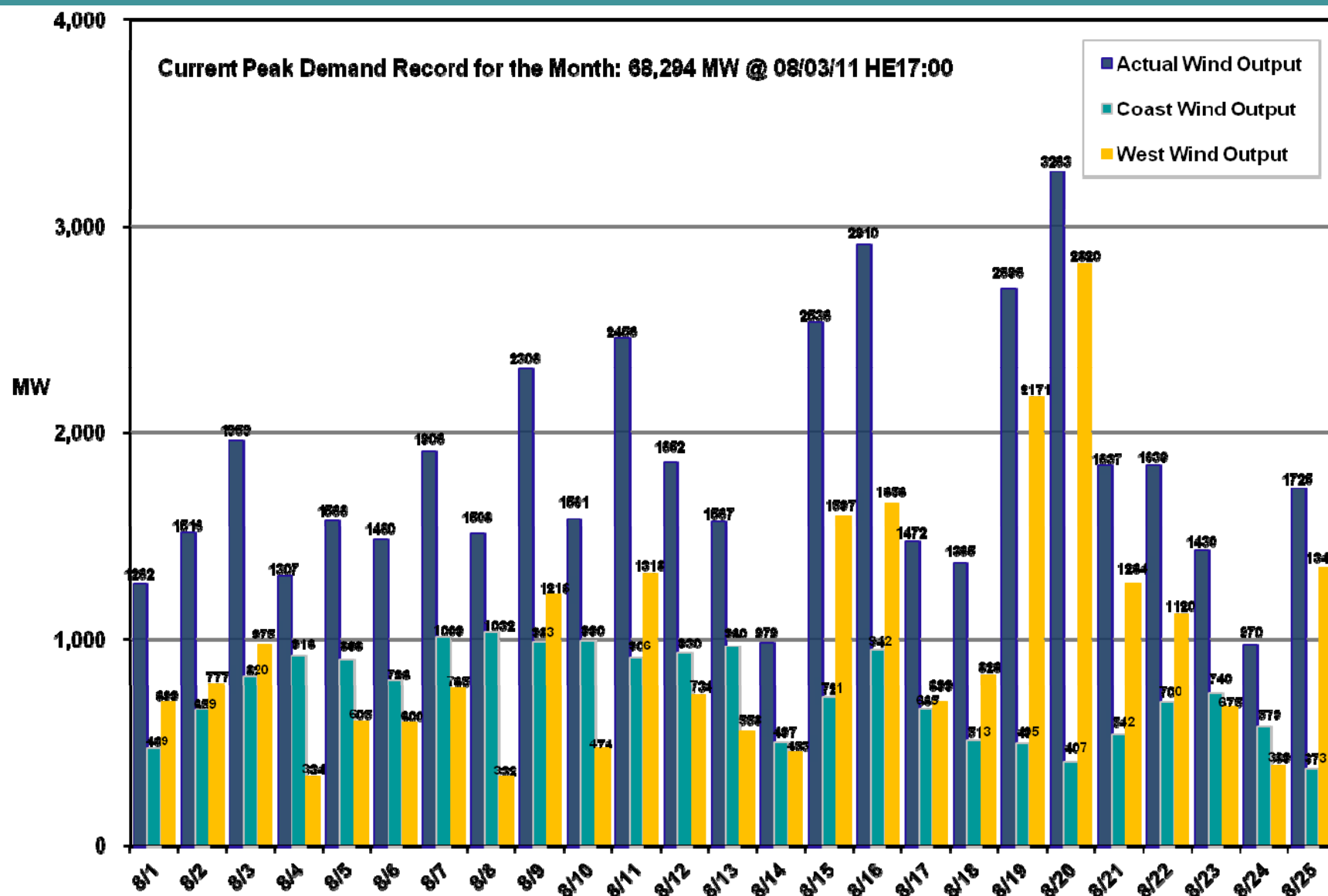
ELCC of Wind Generation

1,895 822



SEPTEMBER 20, 2011

DAILY WIND GRAPH AT PEAK



ERCOT RESERVE MARGINS – 2000-2020

RESERVE MARGINS 2000 - 2020

