



# CEO UPDATE

## OCTOBER 18, 2011

Trip Doggett  
President & CEO

# FINANCIAL PERFORMANCE (UPDATED THROUGH SEPTEMBER)

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## YTD BUDGET VS. ACTUAL PERFORMANCE: \$16.8 MILLION FAVORABLE

### REVENUES

\$9.3 Million favorable System Administration Fee  
\$3.2 Million favorable 2010 Carry Forward  
\$0.5 Million unfavorable Grant Funding

### EXPENSES

\$3.0 Million favorable Revenue-Funded Projects  
\$1.4 Million favorable Facilities & Equipment Cost  
\$0.5 Million favorable Salary & Benefits

# FINANCIAL PERFORMANCE (UPDATED THROUGH SEPTEMBER)

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## YEAR-END PERFORMANCE FORECAST: \$16.8 MILLION FAVORABLE

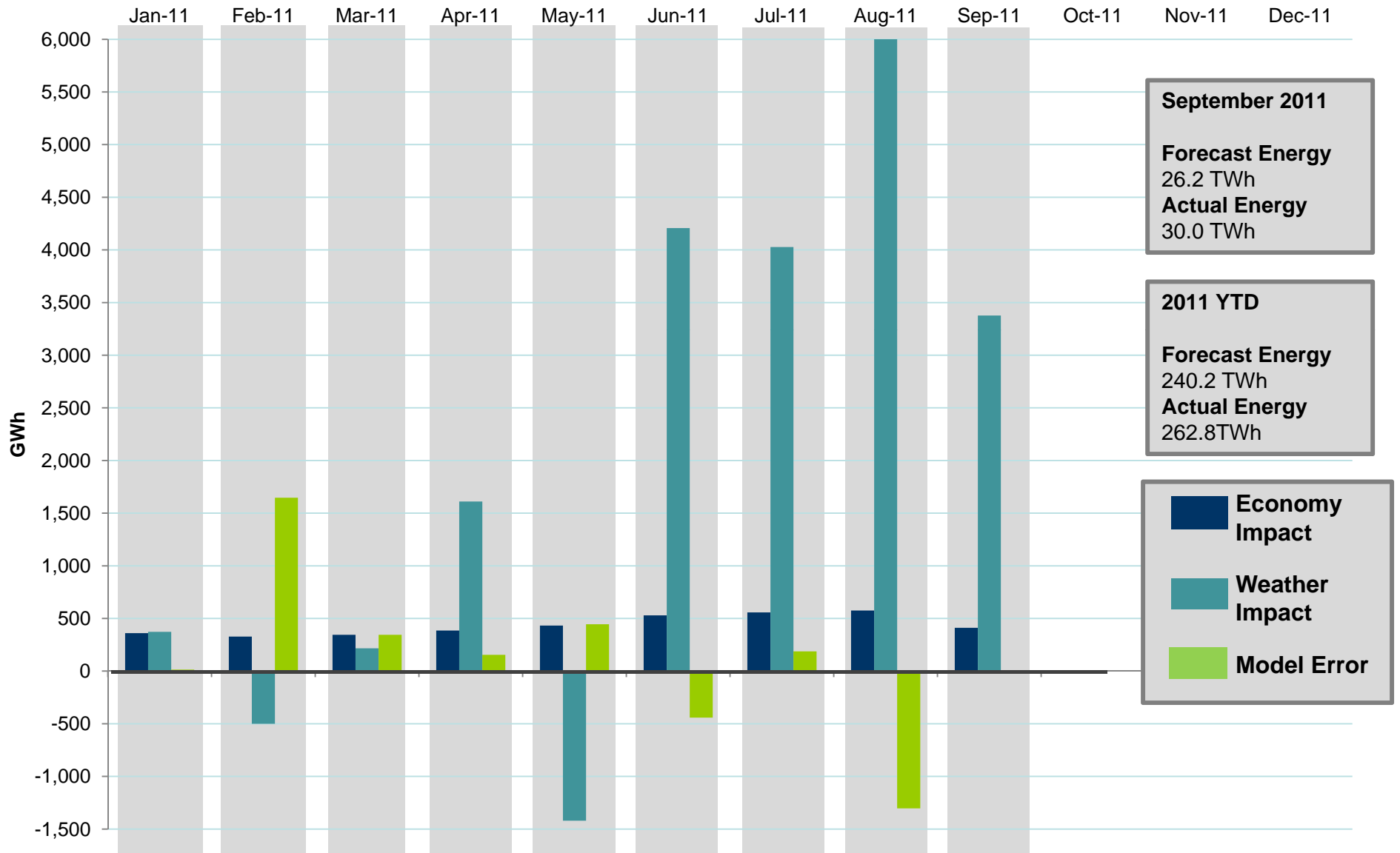
### REVENUES

\$9.9 Million favorable System Administration Fee  
\$3.2 Million favorable 2010 Carry Forward

### EXPENSES

\$3.9 Million favorable Revenue-Funded Projects  
\$1.1 Million favorable Facility & Equipment Costs  
\$0.9 Million unfavorable Other Expenses  
\$0.6 Million unfavorable Interest Payments

# IMPACTS OF ECONOMY & WEATHER – 2011



# BUSINESS INTEGRATION - MONTHLY HIGHLIGHTS & UPCOMING PROGRAM ACTIVITIES

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- **Wave 1 – Corporate and Support Systems – remains in progress**
  - Lower priority file share migrations and supporting infrastructure remain to complete.
- **Wave 1.5 – All Virtual Systems**
  - Completed
- **Wave 2 – Development & Integrated Test systems**
  - Performance testing completed
  - Lower priority development systems remain to complete.
- **Wave 3 – Bastrop Control and Data Center Commissioning**
  - Successfully migrated systems to Bastrop
  - Production systems operated from the Bastrop data center
- **Wave 4 – Bastrop Disaster Recovery Environment**
  - System builds in progress
  - Test scenarios in development
  - Final disaster recovery test rescheduled to December after production moves completed
- **Wave 5 – Taylor Production Migration**
  - Taylor phone system upgrade successfully completed
  - First production systems - Market Data Transparency - successfully migrated in September
  - Remaining production systems continue in October and complete in November

# CRITICAL PATH & PERCENT COMPLETE

Critical Path Milestone	Planned Start	Actual Start	Planned Finish	Actual Finish	Status
Wave 0 - Wave 1 Equipment Installed	1/1/11	1/1/11	2/28/11	3/25/11	✓ Complete
Wave 1 - Supporting Systems Installed	3/1/11	3/25/11	5/16/11	4/22/11	✓ Complete
Wave 2 - Test Environments Moved	5/16/11	4/22/11	9/23/11	9/2/11	✓ Complete
Wave 3 – Bastrop Control Center	7/4/11	6/20/11	10/5/11	10/5/11	✓ Complete
Wave 4 – Successful Commercial Disaster Recovery Test	7/1/11	6/6/11	<del>10/7/11</del> 10/14/11 12/9/11		In progress
Wave 5 – Taylor Production Migration	9/12/11	7/4/11	11/18/11 12/4/11 1/17/12		In progress

# DEPARTMENTAL UPDATES

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## SYSTEM OPERATIONS

- A new wind record of 7,400 MW occurred on 10/07/2011 at 15:06. This instantaneous value surpassed the previous value of 7,355 MW from 6/19/2011.
  - Non-Coastal Wind = 6,433 MW (78.3% of installed capacity)
  - Coastal Wind = 967 MW (79.5% of installed capacity)
  - Wind was supplying 15.18% of the 48,733 MW load

## CSAPR UPDATE

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- ERCOT is analyzing the reliability impact of the proposed changes in the CSAPR rule announced by the EPA on October 6, 2011.
- The changes proposed:
  - ✓ did not alter the rule's January 1, 2012 implementation date
  - ✓ do not revise modeling errors that ERCOT has reported inaccurately reflect actual conditions on the ERCOT electric grid
- The announced revisions to the rule arise from changes in unit-specific assumptions that effectively-increase Texas' SO<sub>2</sub> budget.
- ERCOT is gathering information from generators regarding changes in their compliance plans reported to ERCOT after the initial adoption of CSAPR.
- We will analyze the specific impacts of any changes on each of the scenarios identified in our September 1 report on CSAPR.
- Expect our analysis to be complete by October 21, but this schedule is dependent on the timing of receipt of data from generators.



# FUTURE GENERATION STATUS UPDATE

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- **For planned units with signed interconnection agreements and air permits, which count toward reserve margin:**
  - ERCOT has surveyed developers on their estimated probability of in-service for each future year
  - The capacity from these generators will be discounted in the CDR in each year by the survey probabilities
- **For future units still in the generation interconnection process, which do not count toward the reserve margin:**
  - ERCOT has attempted to contact the developers of each future unit to ascertain the current status
  - The Transmission Owners have been asked to provide a status of each future unit whose interconnection study they are performing
  - Future units which are “on-hold” will be removed from reporting
- **These changes will be reflected in a CDR update for the December Board meeting**
- **The Generation Interconnection Procedures will be modified to resolve the “on-hold” status**