



# CEO UPDATE

## DECEMBER 12 – 13, 2011

Trip Doggett  
President & CEO

# FINANCIAL PERFORMANCE (UPDATED THROUGH NOVEMBER)

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## YTD BUDGET VS. ACTUAL PERFORMANCE: \$17.3 MILLION FAVORABLE

### REVENUES

\$9.5 Million favorable System Administration Fee  
\$3.2 Million favorable 2010 Carry Forward  
\$0.5 Million unfavorable Grant Funding

### EXPENSES

\$2.7 Million favorable Revenue-Funded Projects  
\$1.7 Million favorable Facilities & Equipment Cost  
\$0.9 Million favorable Salary & Benefits

# FINANCIAL PERFORMANCE (UPDATED THROUGH NOVEMBER)

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## YEAR-END PERFORMANCE FORECAST: \$18.3 MILLION FAVORABLE

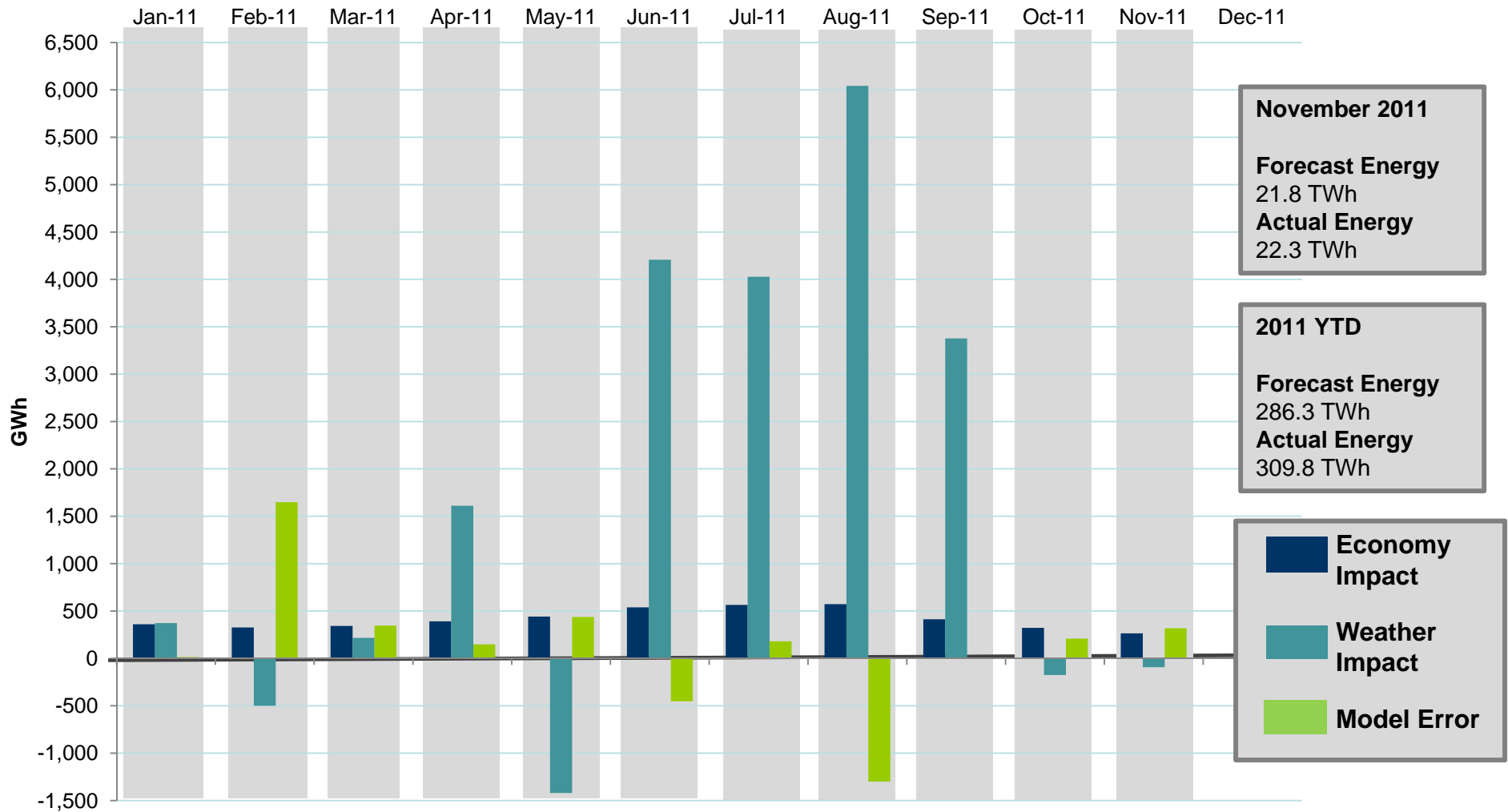
### REVENUES

\$9.8 Million favorable System Administration Fee  
\$3.2 Million favorable 2010 Carry Forward  
\$0.5 Million unfavorable Grant Funding

### EXPENSES

\$3.9 Million favorable Revenue-Funded Projects  
\$1.3 Million favorable Salary & Benefits  
\$1.3 Million favorable Facility & Equipment Costs

# IMPACTS OF ECONOMY & WEATHER – 2011



# NODAL MARKET ONE YEAR ANNIVERSARY!

## 375 days of successful system and market operations under Nodal

- Working as expected or better, no major design issues
- Effective handling of challenging grid conditions in Feb & Jun-Aug 2011
- Improved system dispatch, ancillary services monitoring, and congestion management
- Nodal stabilization project nearing completion
- CRR auctions operating successfully



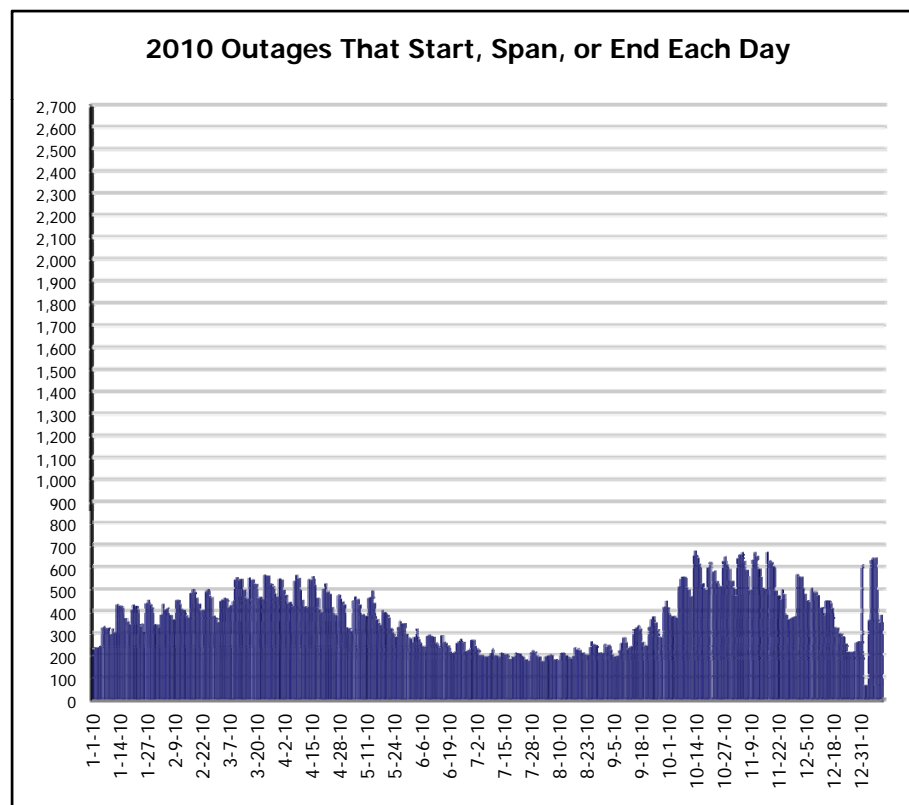
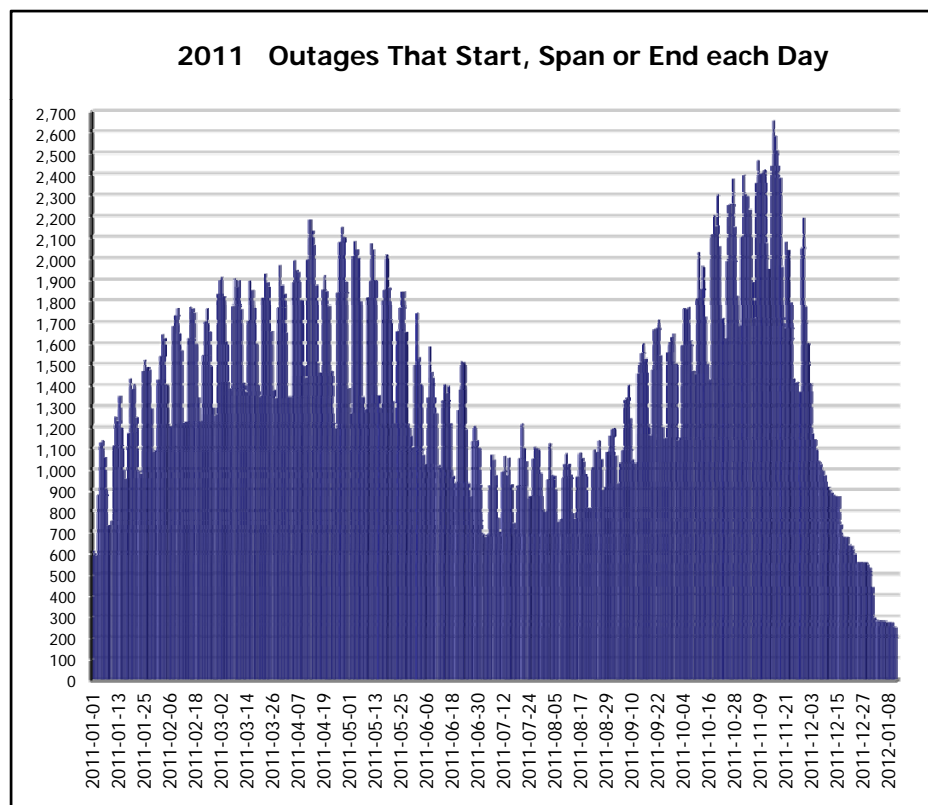
## No more issues related to

- Portfolio dispatch, OOME & OOMC
- Cat 1, 2 & 3 unit specific instructions
- RPRS, relaxed balanced schedules, responsibility transfer, direct assignment, etc.

# ERCOT NODAL – OUTAGE COORDINATION

ERCOT is on pace to process well over 100,000 outage requests in 2011

- Roughly 3 times the number of requests processed in previous years
- Nodal Outage submittal rules more rigorous and equipment specific
- 92% of submittals are for Transmission Equipment, 8% for Resources



## \*\*WINTER SARA & DECEMBER UPDATE OF CDR

### SARA (Winter 2011-12)

Simultaneous extreme weather,  
extreme planned outages &  
extreme forced outages

- SARA concepts based on discussions with GATF & RPG
- Facilitates understanding of near-term risks
- Normal Conditions – No concerns
- Extreme Conditions – Potential for outages
- Monitoring drought impact on reserves

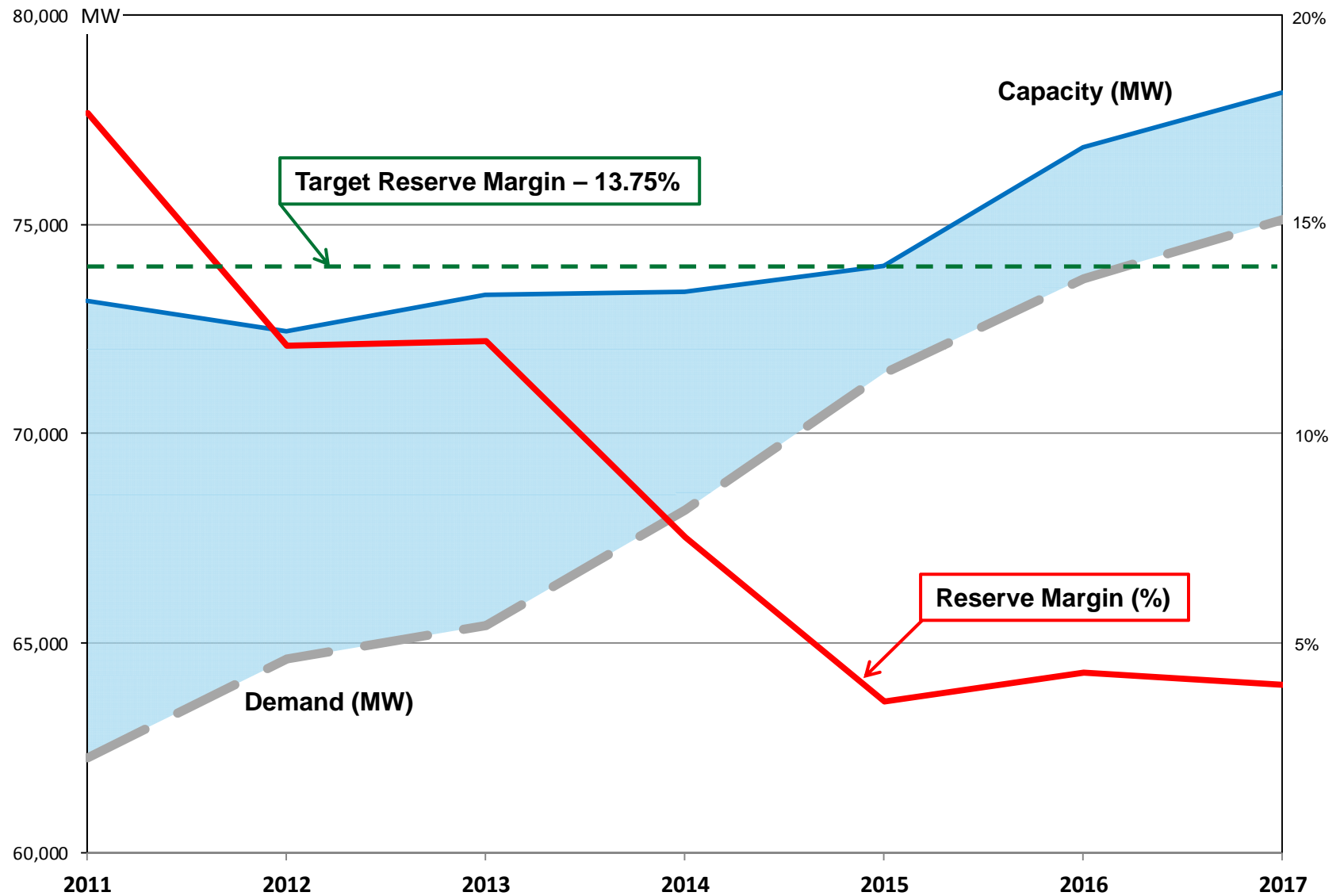
### December Update of CDR (2012-22)

- 5% reduction in reserves for 2012 & 2013
- Significant reserve shortages in 2014 and beyond
- Requires **definitive actions** to address supply shortfalls
- Demand Response initiatives become progressively more attractive

1% due to increased Load  
4% due to reduced Resources

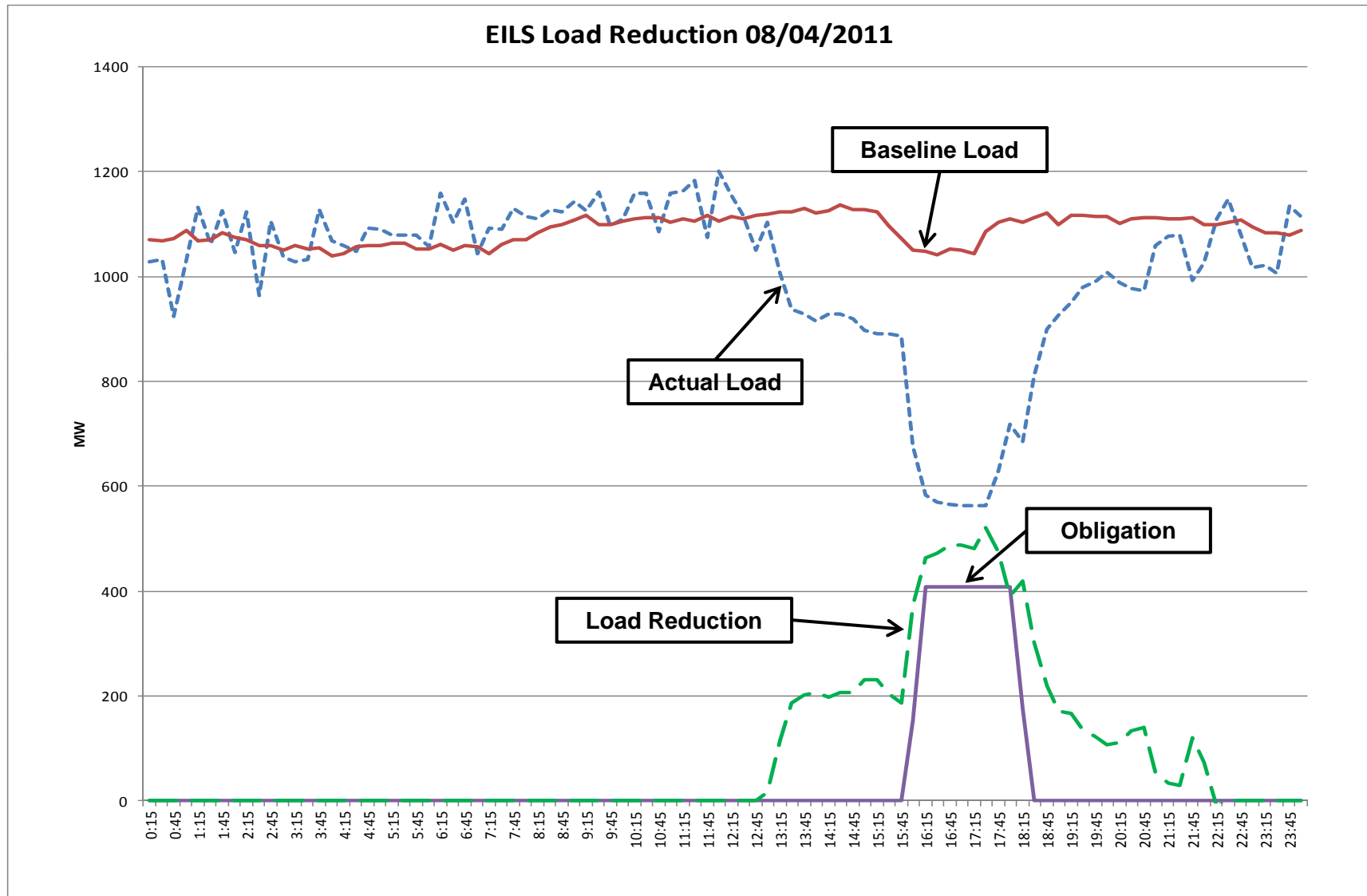
**\*\*More details to be presented later by Dan Woodfin**

# ERCOT DECEMBER CDR UPDATE





# EILS Load Reduction – 08/04/2011



## EILS LOAD REDUCTION – 08/04/2011 (CONT.)

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- **Event Duration: 2:15:11 (15:54:31 – 18:09:42)**
  - Load Reduction exceeded obligation for all intervals in the event
- **First partial interval (15:54:31 – 16:00:00)**
  - Obligation: 154.5 MW
  - Load Reduction: 379.9 MW
  - A significant portion of the load came off faster than 10 minutes
- **First full interval (16:00 – 16:15)**
  - Obligation: 407.9 MW
  - Load Reduction: 489.9 MW
  - Over provision: 20.1%
- **Entire event (excluding first and last partial intervals):**
  - Average Obligation: 407.9 MW
  - Average Load Reduction: 497.4 MW
  - Maximum Load Reduction: 547.2 MW
  - Average Over-Provision: 22.0%

# IRC/INGAA\* MEETING – 11/4/2011

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- **Most IRC members were represented, hosted by ERCOT**
- **Discussed issues of common concern between ISOs and Gas Pipelines**
  - Increased communication – changes in gas use of generators, pipeline capacity limitations
  - Mismatch between gas day (9-9) and electric day (12-12)
  - Pipelines build capacity only for firm transportation contracts; most generators non-firm
- **Follow ups:**
  - Next meeting in spring 2012 hosted by INGAA
  - ISOs will present studies on gas reliability & deliverability to power plants
  - Report on PJM pilot of providing generation plans to pipeline
  - Exchange appropriate contact information between ISOs and pipelines
  - Consider regional meetings

\* Interstate Natural Gas Association of America

# DEPARTMENTAL UPDATES

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## COMPLIANCE

- FERC, NERC and Texas RE staff on-site November 15<sup>th</sup>
- Four day NERC Spot Check for the February 3<sup>rd</sup> and 4<sup>th</sup> challenges (congestion & low voltages) in the Valley area
- Initial feedback from the audit team exit presentation was positive (only recommendations for ERCOT)
- ERCOT Subject Matter Experts supported the ERCOT Compliance team throughout the preparation for and attendance of the Spot Check. Special mention to Stephen Solis, Bill Blevins and Naga Kota for their efforts, and also to the ERCOT Operators Dave Pence, Mark Skipper and ex-Shift Engineer Chris Such for being available on short notice for auditor interviews.
- A second separate NERC Spot Check (covers selected requirements not audited since 2008) of ERCOT is being conducted by Texas RE the week of December 12<sup>th</sup>.

# DEPARTMENTAL UPDATES

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## **DATA CENTER RELOCATION**

- Successful production systems operations out of the Bastrop center
- Successful failover from Bastrop to Taylor
- Grid, Market, Wholesale & Retail systems migrated and operating out of new Taylor data center
- Disaster Recovery for Commercial Systems built and testing is in progress
- Taylor “Blue Building” data center decommissioned

## **HUMAN RESOURCES**

- ERCOT Holiday Luncheon held November 17<sup>th</sup> at the Knights of Columbus hall in Taylor with approximately 600 employees and their family members in attendance. Also included as part of the luncheon were deliveries to personnel at both control centers and those who were needed onsite at Taylor Control Center and the Met Center.

## 2<sup>ND</sup> ANNUAL ERCOT PEOPLE'S CHOICE AWARDS

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**Bono Award:** To the ERCOT employee who is always ready, willing & able to be of service to a co-worker



**Winner:** Thelma Garza

**Department:** Demand Integration

**Title:** Market Support Analyst 1

**Years at ERCOT:** 10 years

**Derek Jeter Award:** To the ERCOT employee who makes valuable contributions in a team-work environment

**Winner:** Shirisha Kylas

**Department:** Enterprise Information Systems

**Title:** Database Developer, Sr.

**Years at ERCOT:** 2 years



**Will Rogers Award:** To the employee whose good humor & friendly manner make ERCOT a fun place to work



**Winner:** Ben Groenewald

**Department:** Database & Storage Services

**Title:** Database Architect, Sr.

**Years at ERCOT:** 3 years

## 2<sup>ND</sup> ANNUAL ERCOT PEOPLE'S CHOICE AWARDS (CONT.)

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***Nikola Tesla Award:*** To the ERCOT employee who consistently comes up with new & innovative solutions to challenges.

**Winner:** Fred Huang  
**Department:** Resource Integration  
**Title:** Planning Engineer, Sr.  
**Years at ERCOT:** 5 years



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***Employee of the Year:*** To the employee who best embodies the ERCOT Vision: “To be innovative in providing a world-class, cost-effective, reliable electric grid and efficient electricity markets.”



**Winner:** Naga Valasagandla  
**Department:** IT Integration Support Svcs  
**Title:** Production Support Analyst, Sr.  
**Years at ERCOT:** 10 years

# 2011 ABACCUS\* REPORT

## TEXAS – Competitive Retail Market Leader for the 5<sup>th</sup> consecutive year

- **Twice as many choices for TX residential customers when compared to two years ago**
- **Confirmed Benefits of Retail Choice**
  - New products and services
  - New technologies (advanced meters, communications & control, in-home displays, etc.)
  - Opportunities for customer control of energy bills & usage patterns
- **Regulatory commission listening to customers and crafting market based policies to address their demands**
- **80% of US installed wind capacity in regions with competitive wholesale markets (which have only 44% of US wind energy potential)**

\* Annual Baseline Assessment of Choice in Canada & the US

2011 ABACCUS Rankings and Assessments

Residential			Commercial / Industrial		
Jurisdiction	2011 Rank	2011 Assessment	Jurisdiction	2011 Rank	2011 Assessment
<b>Texas</b>	<b>1</b>	<b>Excellent</b>	<b>Texas</b>	<b>1</b>	<b>Excellent</b>
New York	2	Excellent	Illinois	2	Good
Pennsylvania	3	Excellent	New York	3	Good
Alberta	4	Good	Pennsylvania	4	Good
Connecticut	5	Good	Maryland	5	Good

