



CEO UPDATE  
BOARD OF DIRECTORS MEETING  
APRIL 16-17, 2012

Trip Doggett  
President & CEO

# FINANCIAL PERFORMANCE (UPDATED THROUGH MARCH)

## YTD BUDGET VS. ACTUAL PERFORMANCE: \$3.7 MILLION FAVORABLE

### REVENUES

\$5.1 Million favorable 2011 Carry Forward

\$1.0 Million unfavorable System Administration Fee

### EXPENSES

\$1.4 Million unfavorable Outside Services

\$0.4 Million favorable Salary & Benefits

\$0.4 Million favorable Revenue-Funded Portfolio Expenditures

# FINANCIAL PERFORMANCE (UPDATED THROUGH MARCH)

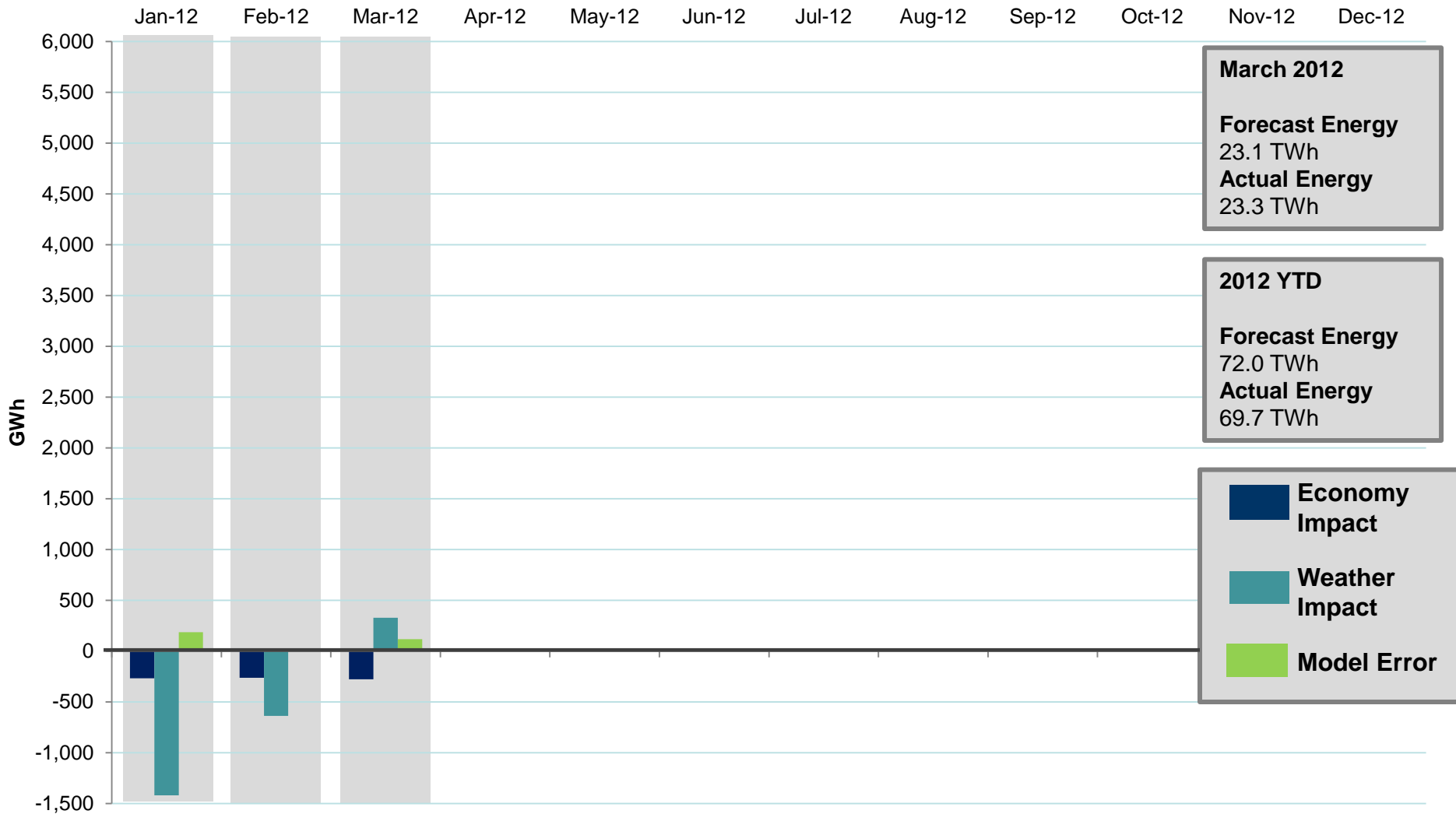
## YEAR-END PERFORMANCE FORECAST: \$4.4 MILLION FAVORABLE

**REVENUES** \$5.1 Million favorable 2011 Carry Forward

**EXPENSES**

- \$4.5 Million unfavorable Outside Services
- \$3.6 Million favorable Salary & Benefits
- \$0.2 Million favorable Hardware/Software Maint & Licenses

# IMPACTS OF ECONOMY & WEATHER – 2012



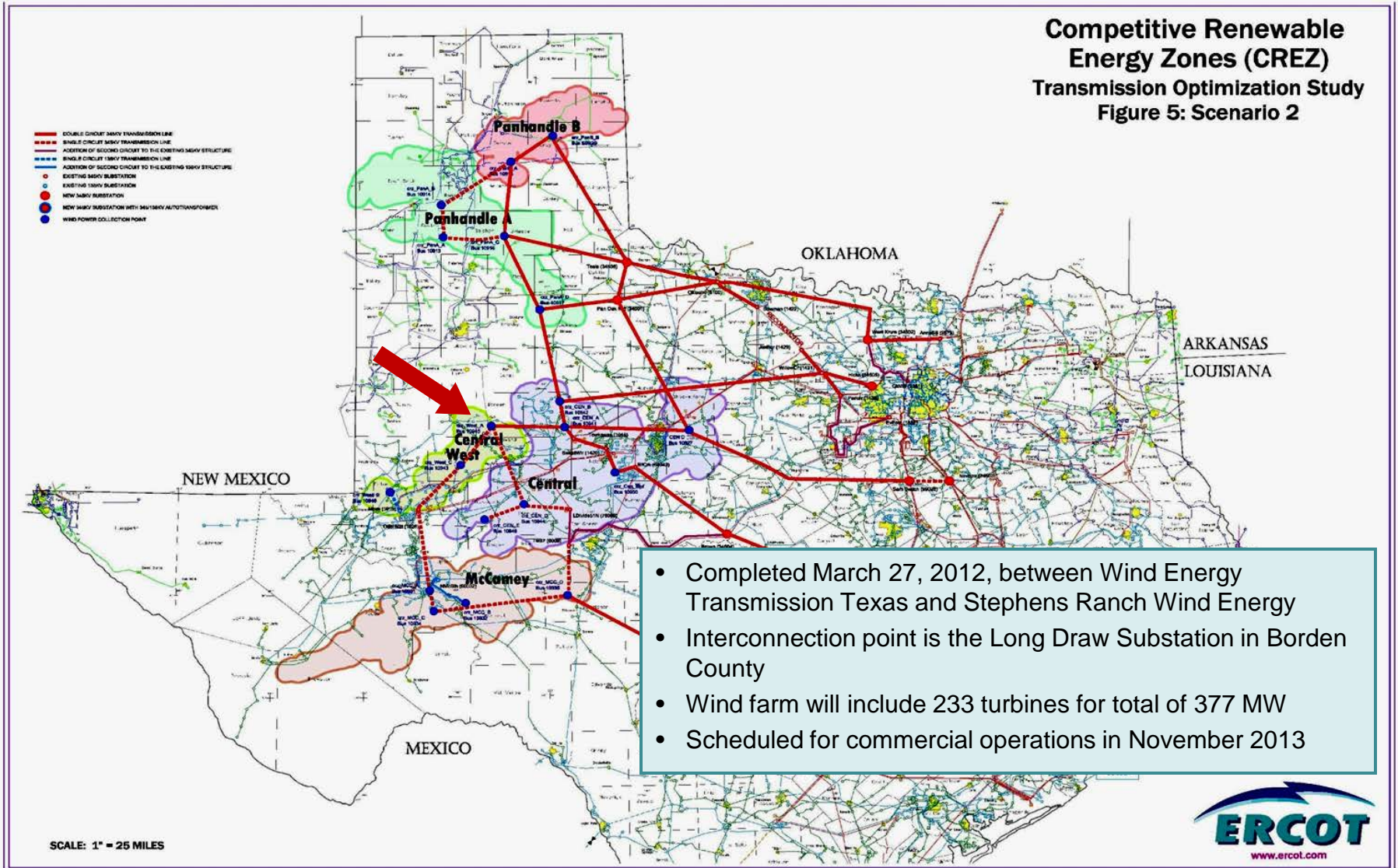
# SEASONAL ASSESSMENT OF RESOURCE ADEQUACY (SARA) RELEASE SCHEDULE

SARA	Preliminary Release	Final Release
<b>Spring</b> – Mar, Apr & May	November 1 <sup>st</sup>	March 1 <sup>st</sup>
<b>Summer</b> – Jun, Jul, Aug & Sep	March 1 <sup>st</sup>	May 1 <sup>st</sup>
<b>Fall</b> – Oct & Nov	May 1 <sup>st</sup>	September 1 <sup>st</sup>
<b>Winter</b> – Dec, Jan & Feb	September 1 <sup>st</sup>	November 1 <sup>st</sup>

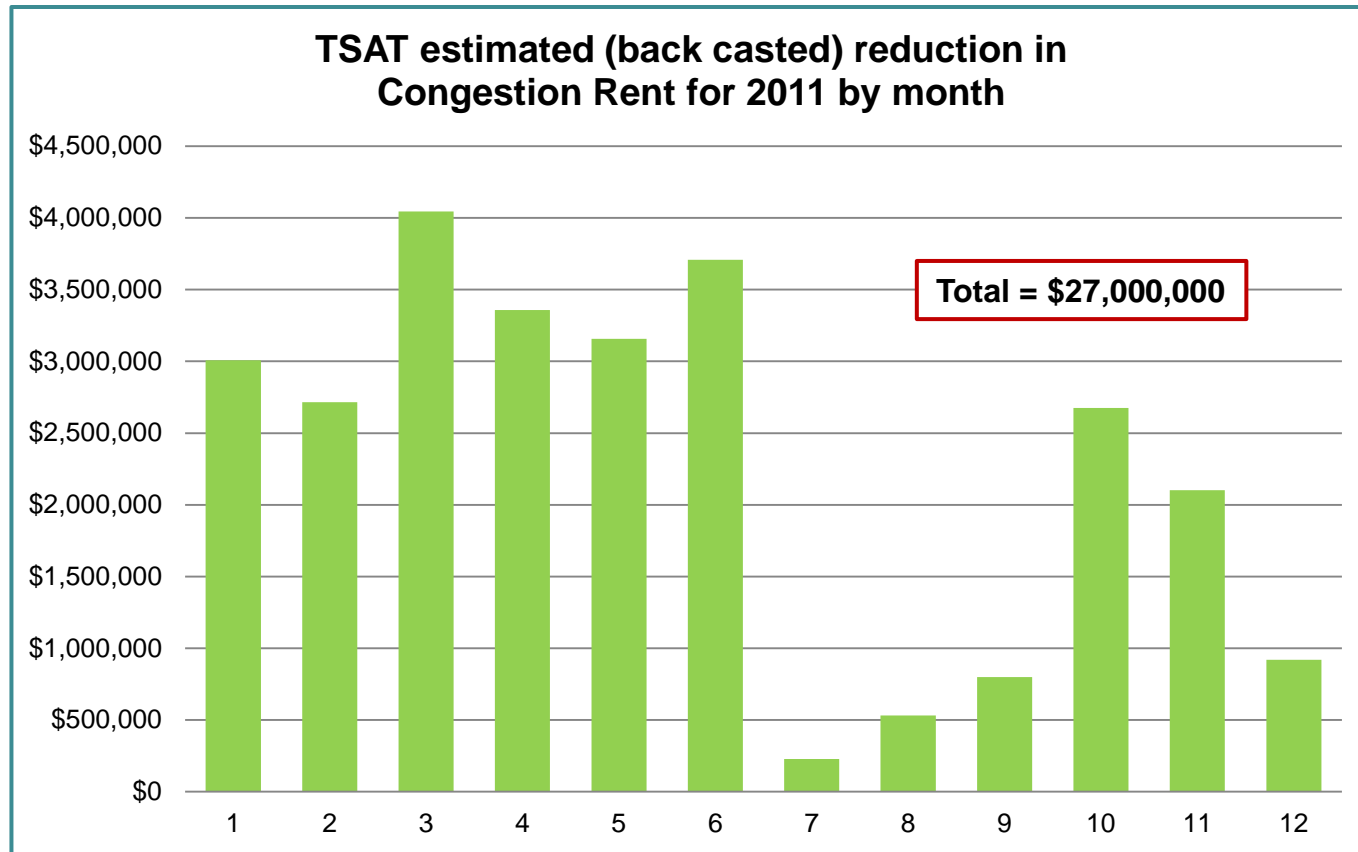
- Release date of final SARA for upcoming season and preliminary SARA for the following season would be aligned
- Release date of final SARA for Summer and Winter seasons would be one month prior start of season (May 1 and November 1, respectively)
- This results in only four releases per year and sets those dates as March 1, May 1, September 1 and November 1

# FIRST INTERCONNECTION AGREEMENT FOR A CREZ SUBSTATION

Competitive Renewable Energy Zones (CREZ)  
Transmission Optimization Study  
Figure 5: Scenario 2

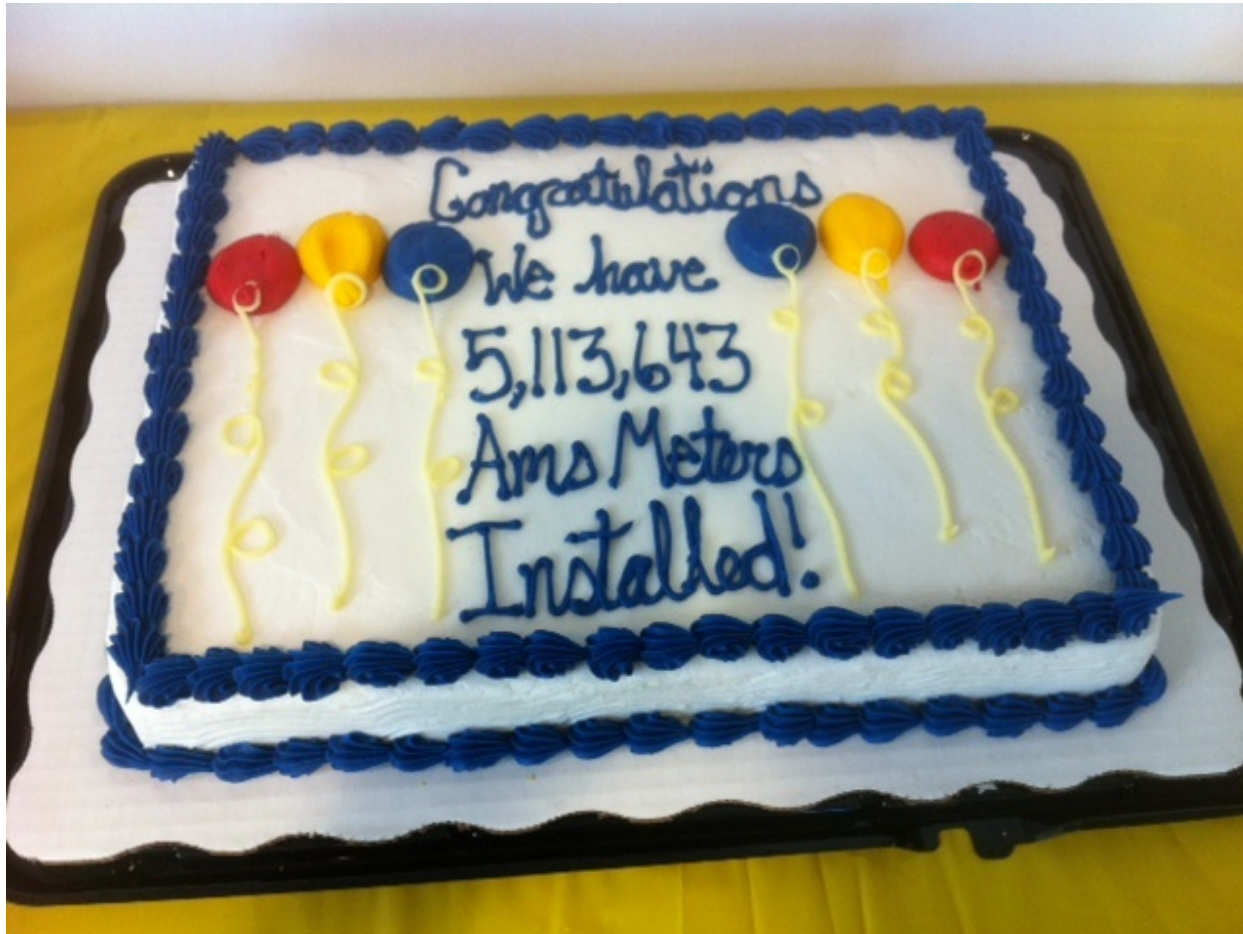


# BENEFITS OF REAL-TIME TRANSIENT STABILITY ANALYSIS TOOL (TSAT)



- Actual testing showed between 200 and 500 MW improvements in West to North transfers
- Estimated benefit was calculated using 200 MW as the maximum improvement and using average shadow prices and average limits for each hour
- IMM reported actual Congestion Rent for West to North constraint in 2011 was \$95,000,000

# OVER 5 MILLION AMS METERS INSTALLED

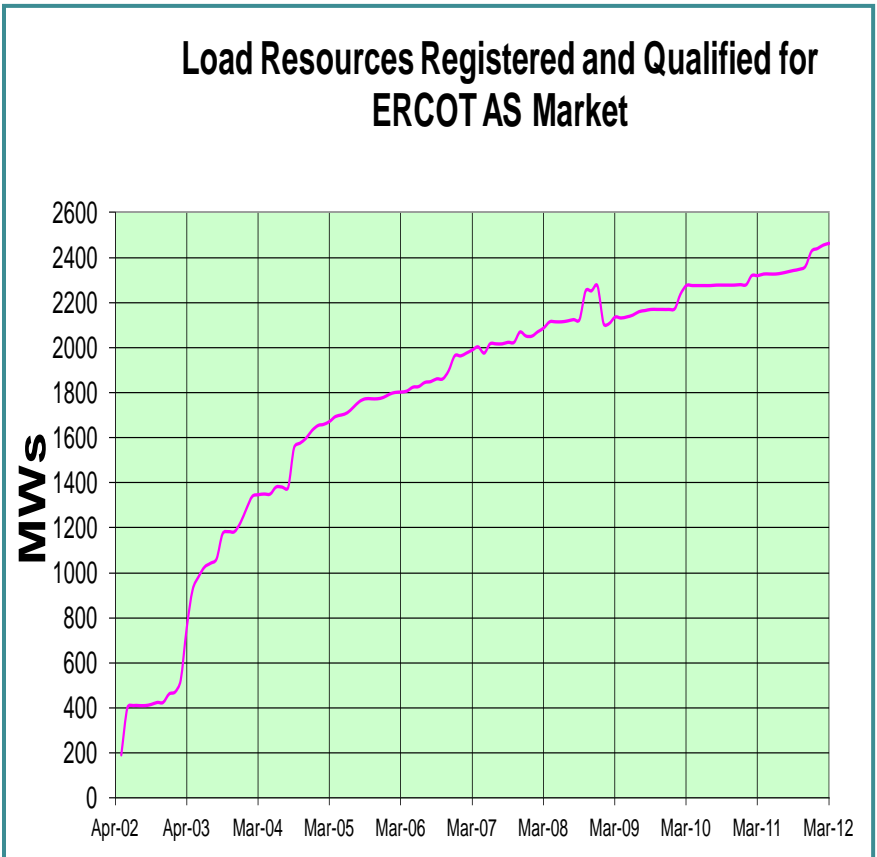


Currently settling over 4.7 million – expect to settle 5.0 million by early May 2012



# LOADS PARTICIPATING IN ERCOT AS MARKETS – 10TH ANNIVERSARY

- April 1<sup>st</sup> marked the 10<sup>th</sup> Anniversary for Loads participating in ERCOT AS markets
- Many had participated as “high-set interruptible loads” to meet part of area Responsive Reserve obligations before ERCOT started operations as a single control area
- 200 Load Resources from 60 companies located at 150 substations
- Recent changes in RRS procurement will allow up to 250 MW of additional capacity to participate in RRS

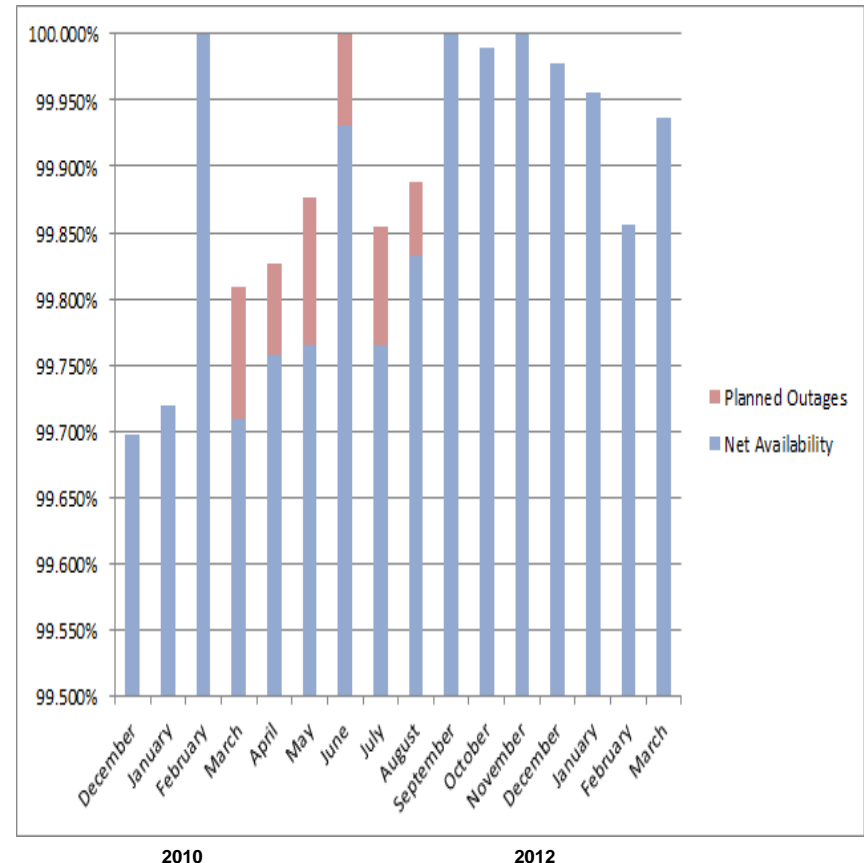
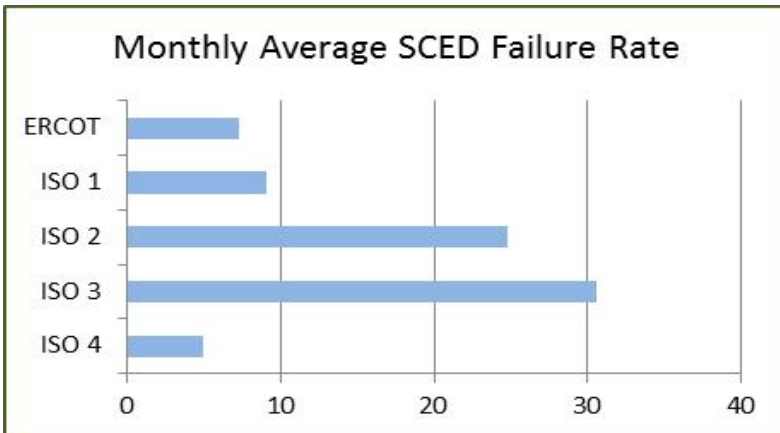


# SCED PERFORMANCE SINCE MARKET LAUNCH (12/10 – 03/12)

## Security Constrained Economic Dispatch (SCED)

- Since the Nodal Market launch **134,208** SCED solutions have been scheduled to complete
- There have been **23** unplanned incidents resulting in **107** SCED solutions not completing
- 2012 Availability target revised: 99.9% (“outstanding”) with a stretch goal of 99.95% (“best in class”)

Root Cause	Number of Incidents	Number Resolved
Hardware	10	10
Software	13	13
<b>Total</b>	<b>23</b>	<b>23</b>

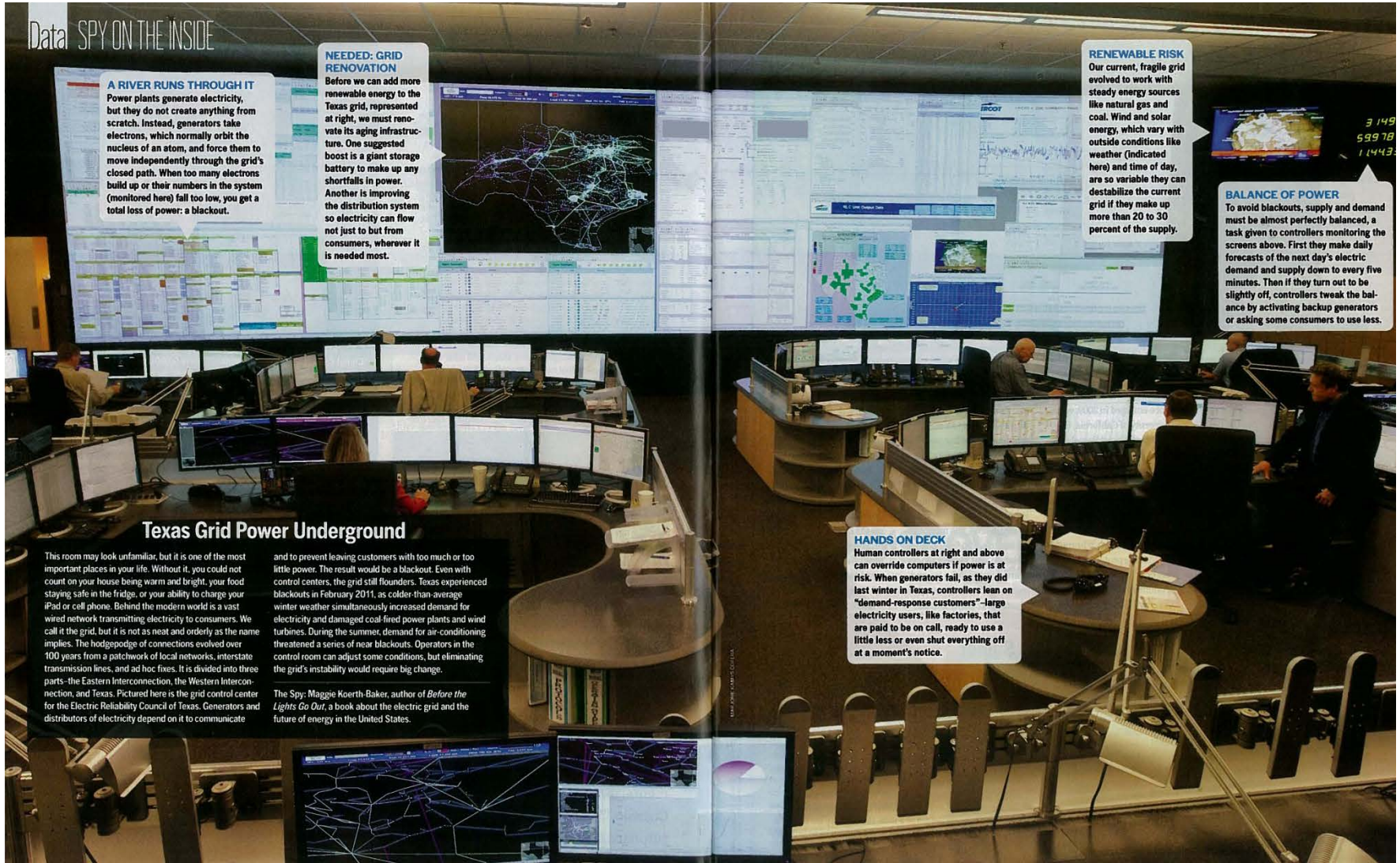


# GOVERNOR PERRY TOUR OF TAYLOR FACILITY – MARCH 14



- Toured the control room, black start training facility, and data center
- ERCOT briefing on resource adequacy and cyber security

# 'TEXAS GRID POWER UNDERGROUND,' DISCOVER MAGAZINE APRIL 2012



Data SPY ON THE INSIDE

**A RIVER RUNS THROUGH IT**  
Power plants generate electricity, but they do not create anything from scratch. Instead, generators take electrons, which normally orbit the nucleus of an atom, and force them to move independently through the grid's closed path. When too many electrons build up or their numbers in the system (monitored here) fall too low, you get a total loss of power: a blackout.

**NEEDED: GRID RENOVATION**  
Before we can add more renewable energy to the Texas grid, represented at right, we must renovate its aging infrastructure. One suggested boost is a giant storage battery to make up any shortfalls in power. Another is improving the distribution system so electricity can flow not just to but from consumers, wherever it is needed most.

**RENEWABLE RISK**  
Our current, fragile grid evolved to work with steady energy sources like natural gas and coal. Wind and solar energy, which vary with outside conditions like weather (indicated here) and time of day, are so variable they can destabilize the current grid if they make up more than 20 to 30 percent of the supply.

**BALANCE OF POWER**  
To avoid blackouts, supply and demand must be almost perfectly balanced, a task given to controllers monitoring the screens above. First they make daily forecasts of the next day's electric demand and supply down to every five minutes. Then if they turn out to be slightly off, controllers tweak the balance by activating backup generators or asking some consumers to use less.

## Texas Grid Power Underground

This room may look unfamiliar, but it is one of the most important places in your life. Without it, you could not count on your house being warm and bright, your food staying safe in the fridge, or your ability to charge your iPad or cell phone. Behind the modern world is a vast wired network transmitting electricity to consumers. We call it the grid, but it is not as neat and orderly as the name implies. The hodgepodge of connections evolved over 100 years from a patchwork of local networks, interstate transmission lines, and ad hoc fixes. It is divided into three parts—the Eastern Interconnection, the Western Interconnection, and Texas. Pictured here is the grid control center for the Electric Reliability Council of Texas. Generators and distributors of electricity depend on it to communicate

and to prevent leaving customers with too much or too little power. The result would be a blackout. Even with control centers, the grid still flounders. Texas experienced blackouts in February 2011, as colder-than-average winter weather simultaneously increased demand for electricity and damaged coal-fired power plants and wind turbines. During the summer, demand for air-conditioning threatened a series of near blackouts. Operators in the control room can adjust some conditions, but eliminating the grid's instability would require big change.

The Spy: Maggie Koerth-Baker, author of *Before the Lights Go Out*, a book about the electric grid and the future of energy in the United States.

**HANDS ON DECK**  
Human controllers at right and above can override computers if power is at risk. When generators fail, as they did last winter in Texas, controllers lean on "demand-response customers"—large electricity users, like factories, that are paid to be on call, ready to use a little less or even shut everything off at a moment's notice.



**Dottie Roark**  
**Manager, Corporate Communications**  
**Hired: January 6, 2003**

- **Wrote more than 200 news releases from 2005-present**
- **Responded to more than 6,000 media requests from 2005-present**

**Please join us for the  
2012 Annual IRC Joint Board Conference**

**LOCATION:** Dallas

**DATE:** May 23<sup>rd</sup> (full day) & May 24<sup>th</sup> (half day)

**RESERVATION CUT-OFF:** April 23<sup>rd</sup>



Once your reservation has been made, please contact Kerry Wariner at (512) 248-3973 or [kwariner@ercot.com](mailto:kwariner@ercot.com) to confirm your attendance at the conference