



CEO UPDATE

Trip Doggett
President and CEO

Board of Directors Meeting
June 19, 2012

ERCOT Public

FINANCIAL PERFORMANCE (UPDATED THROUGH MAY)

YTD BUDGET VS. ACTUAL PERFORMANCE: \$4.0 MILLION FAVORABLE

REVENUES

\$5.1 Million favorable 2011 carry forward

\$0.5 Million unfavorable system administration fees

\$0.4 Million favorable other revenues

EXPENSES

\$2.4 Million unfavorable outside services

\$0.8 Million favorable salary & related benefits

\$0.4 Million favorable revenue-funded project expenditures

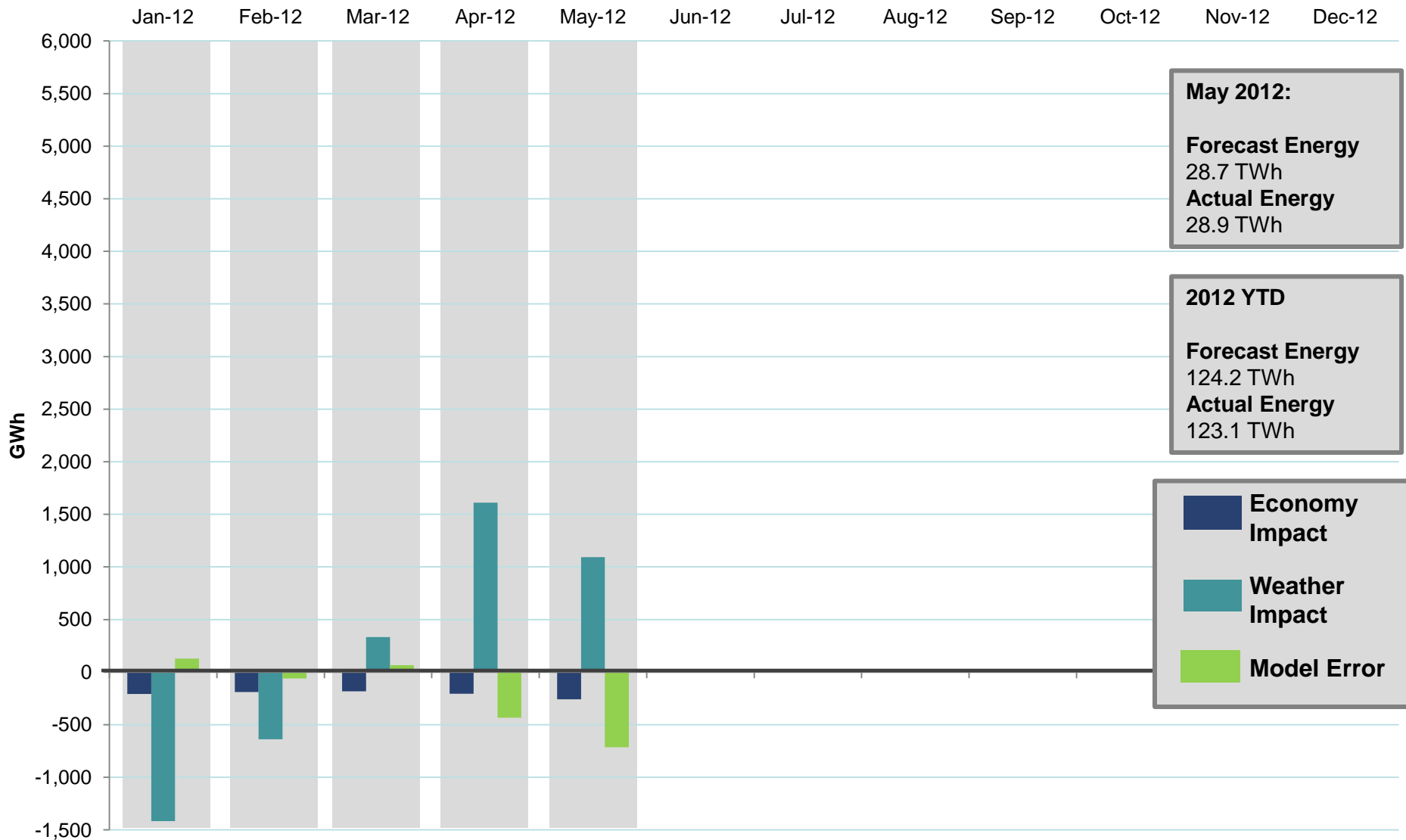
YEAR-END PERFORMANCE FORECAST: \$3.7 MILLION FAVORABLE

REVENUES \$5.1 Million favorable 2011 carry forward

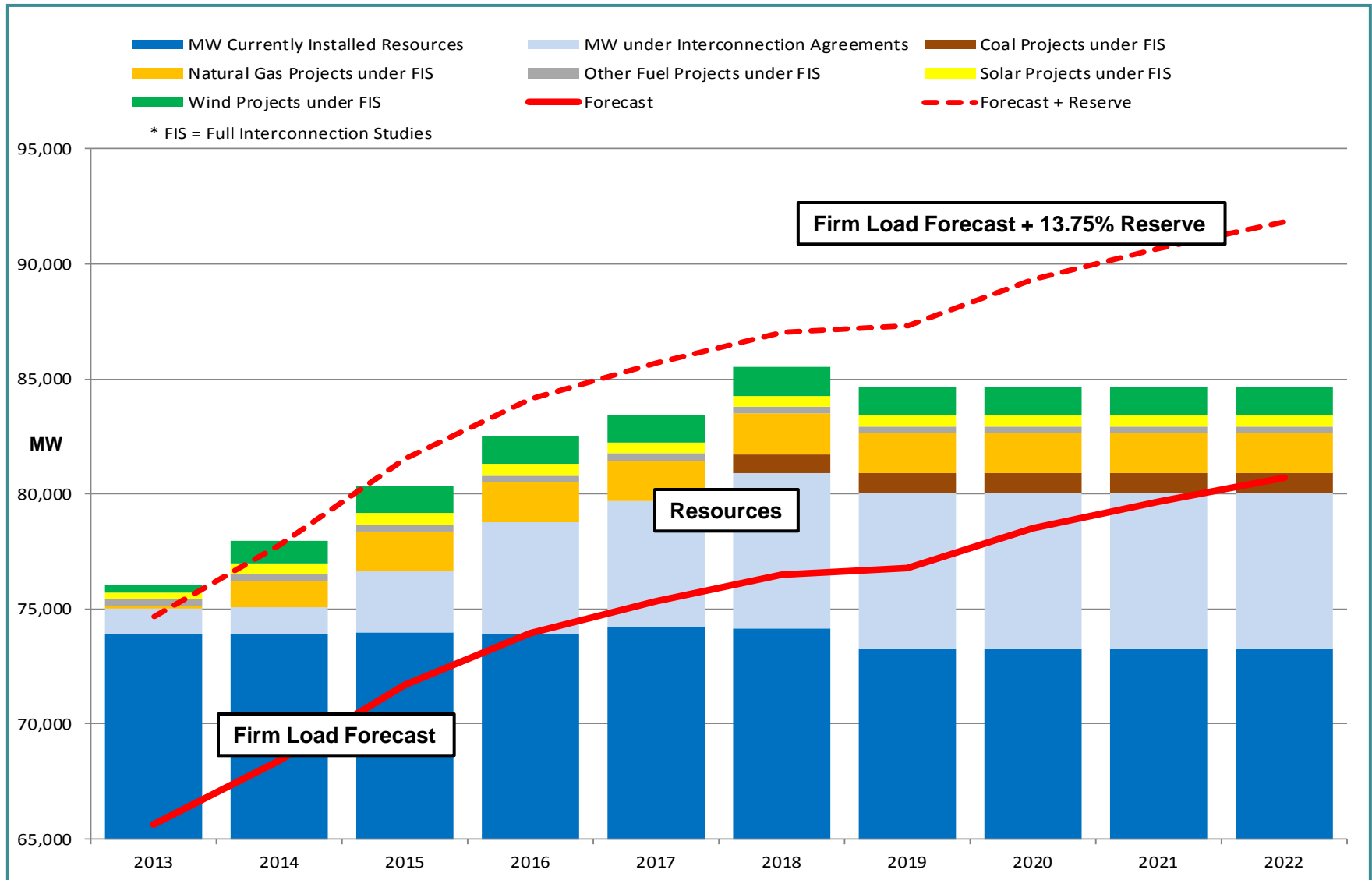
EXPENSES

- \$4.7 Million unfavorable outside services
- \$2.8 Million favorable salaries & related benefits
- \$1.0 Million favorable facility & equipment costs

IMPACTS OF ECONOMY & WEATHER – 2012



MAY 2012 CAPACITY, DEMAND AND RESERVES REPORT (CDR)



ERCOT commissioned *The Brattle Group* to address three questions:

1. Investors and their Investment Criteria

- Identify, describe, and rank the relevant factors that influence investment decisions made by the development and financial community related to new capacity additions, capacity retirements, and repowering projects in ERCOT.

2. Market Outlook for Investment and Resource Adequacy

- Evaluate the current drivers from both a wholesale and retail perspective that influence resource investment decisions in the ERCOT market.

3. Evaluation of Policy Options

- Provide suggestions for ways to enhance favorable investment outcomes for long-term resource adequacy in ERCOT.

Brattle Group will present a summary of the study later during today's Board Meeting



Denny Voltz
Supervisor, Physical Security Department
Hired: June 4, 2001

- Led the Physical Security Department as Interim Manager during a turbulent time
- Saved ERCOT significant sums by his diligent oversight of guard force budget
- Supervised the professionalization of guard force



EPRI Journal – Winter 2011

“ The ability to forecast wind accurately increases your ability to manage the variation in wind; the more predictable wind is, the better you’re going to be able to plan your other generation around that. ” ~ John Dumas

John Dumas

Director, Wholesale Market Operations

Hired: November 01, 2004

- Responsible for the Operations of the CRR, Day-Ahead & Real-time Markets
- 25 years of Operations and Deregulated Market Experience in the electric utility industry

Business Integration

- **TX SET 4.0 & associated MarkeTrak Enhancements were implemented June 8-10**
- **Market-wide Release for the Retail Market**
- **All Competitive Retailers and TDSPs completed full retail flight testing**
- **Provides transactional solutions to implement several PUCT rule changes**
 - Mass Acquisition/Transfer of Customers
 - Switch Hold notifications
 - Disconnection of Service
 - Critical Care Customers
 - Meter Tampering
- **Provides enhancements to the retail issue tracking tool (MarkeTrak) related to TX SET 4.0 changes**
- **\$2.4M combined project cost and over 18 months to complete**

Human Resources

ERCOT Training and Professional Development Department hosted a two day ISO/RTO Training Working Group meeting on Taylor campus

- 14 individuals participated from ERCOT, SPP, CAISO, PJM, ISO-NE, and NYISO

Compliance

ERCOT Compliance and FERC Staff Meeting

- Reviewed ERCOT's progress on FERC cold weather recommendations
- Discussed ERCOT's CIP Compliance Controls Taskforce
- FERC will hold a technical conference in fall of 2012 regarding the 2/2/2011 cold weather event

External Affairs

- Stakeholders, officials and market participant communication professionals participated in a hurricane drill on 5/22-5/23
- The Association of Electric Companies of Texas (AECT) hosted an electricity briefing (at which Trip keynoted) for capitol and industry staff on 5/17
- ERCOT's Conservation Mobile App was unveiled on 6/13 (Test scheduled for 6/19)
- ERCOT hosted a well-attended "Media Day" at the Taylor control center for television and print reporters

Attendees

- 75 in total
- 6 ERCOT Board Members
- 6 ERCOT Executives & Assistants



Presentation & Break-Out Session Topics

- Resource Adequacy
- Gas/Electric Interaction
- Use of Auditors as Consultants
- Status of Order 890 – Public Policy Issue
- Executive Compensation Surveys
- Scarcity Pricing / Demand Response
- Board Compensation / Prohibitive Investment List Process
- NERC Update
- Cyber Security