



Item 4.1: CEO Update

H.B. "Trip" Doggett

President & Chief Executive Officer

Board of Directors Meeting

ERCOT Public

September 17, 2013

Financial Performance (Updated through August)

YTD Budget vs. Actual Performance: \$1.2 Million Unfavorable

Revenues	\$2.6 M unfavorable system administration fees \$0.4 M favorable membership fees and other
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Expenses	\$1.7 M unfavorable salaries and related benefits \$1.1 M unfavorable outside services \$2.1 M favorable principal repayment \$1.6 M favorable facility and equipment cost
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Financial Performance (Updated through August)

Year-End Performance Forecast: No Variance

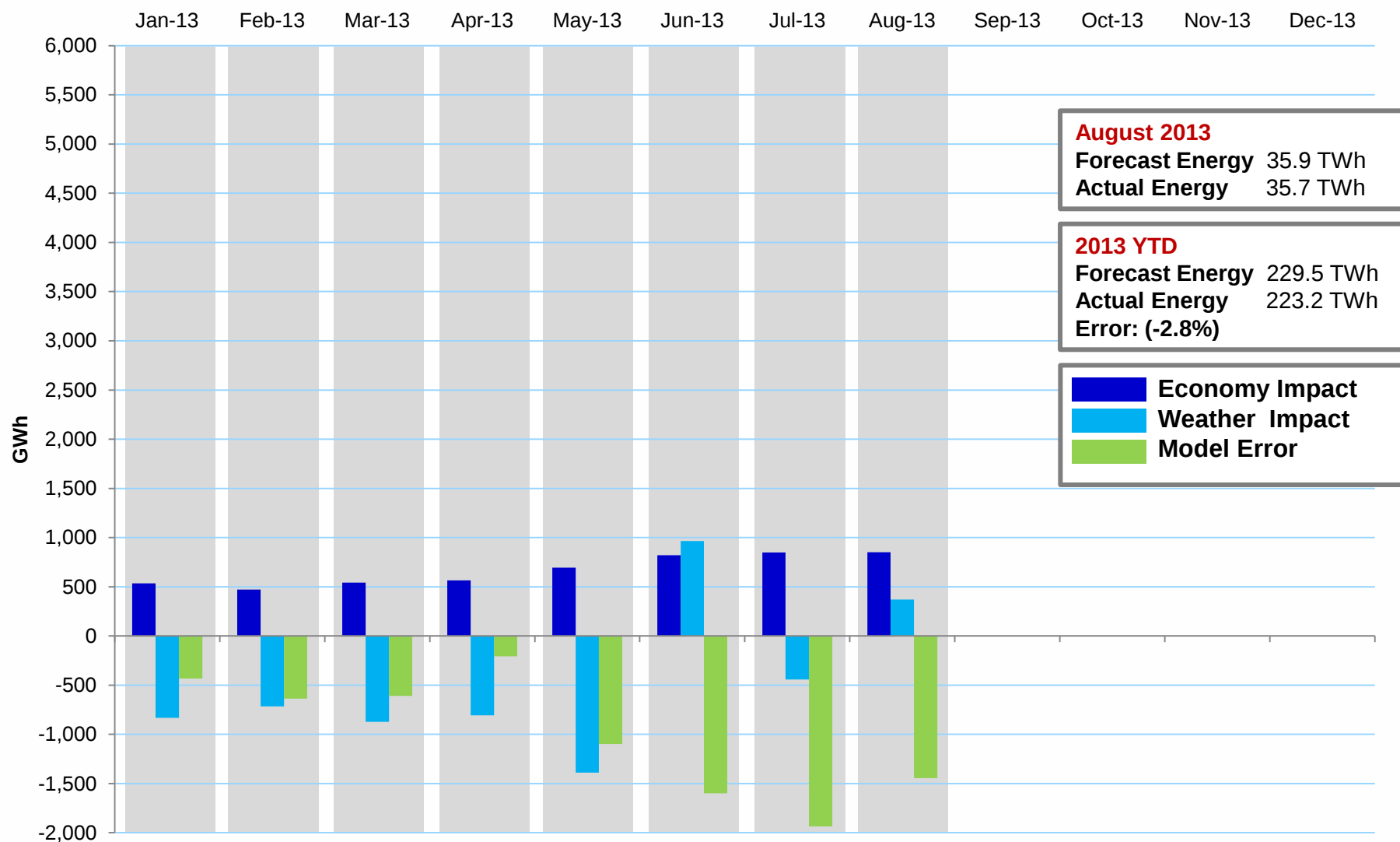
Revenues \$1.6 M unfavorable system administration fees

Expenses \$1.4 M unfavorable outside services
\$0.8 M unfavorable salaries and related benefits
\$2.1 M favorable principal repayment
\$1.7 M favorable facility and equipment cost

Management of Revenue Shortfall

- Expected Revenue Shortfall
 - YTD system admin fee revenue shortfall is \$2.6M
 - Current YE forecast indicates a revenue shortfall of \$1.6M
- Budget Will Be Balanced Despite Revenue Shortfall
 - YTD expense variance is \$0.9M favorable
 - Current YE expense forecast indicates a \$1.6M favorable variance
 - Proactively managing internal and external labor force
 - Continued cost conscious efforts to control facility spending and hardware/software support and maintenance contract costs

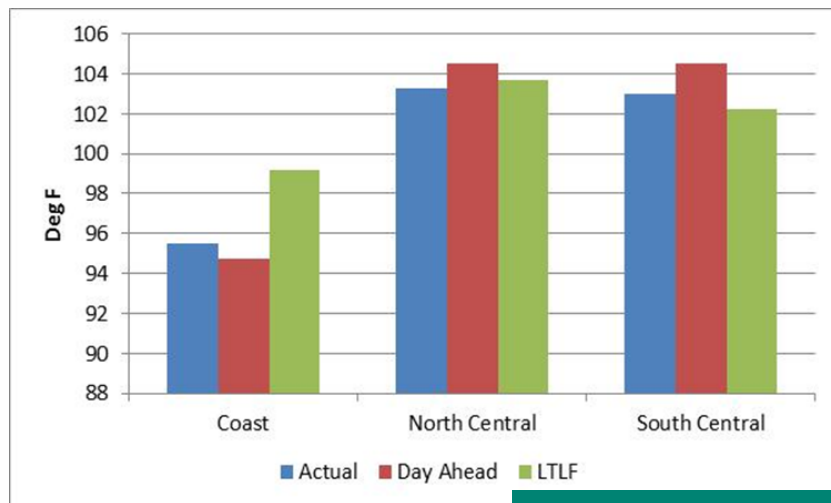
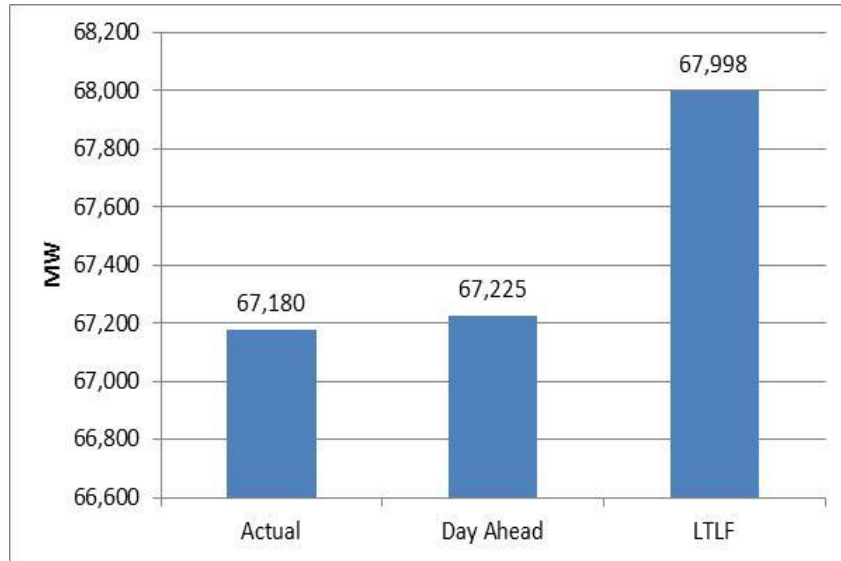
Impacts of Economy & Weather 2013



YTD Actual vs Forecasted Energy/Admin Fee

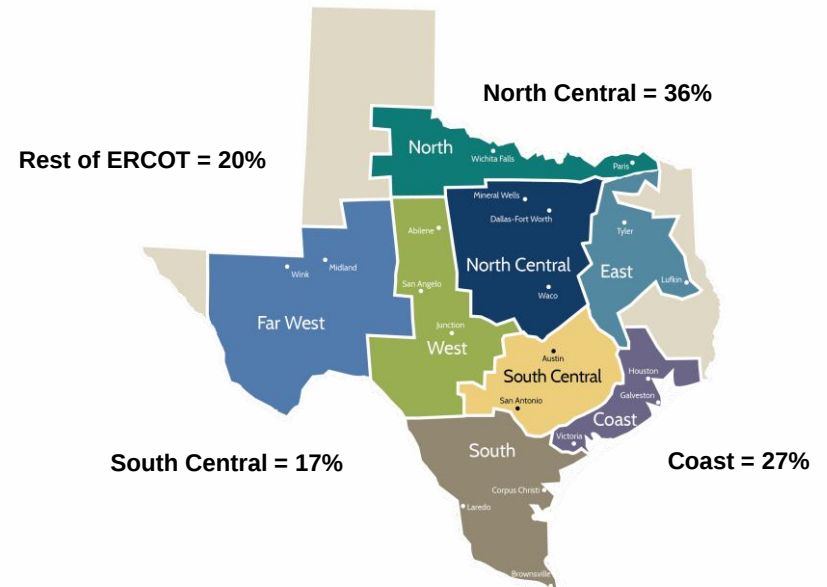
- Milder weather January through May
 - Deficit of 4,617 GWh or \$1.9M or 3.8%
- Normal weather June through August
 - Surplus of 894 GWh or \$0.4M or 0.9%
- Impact of Economy January through August
 - Surplus of 5,327 GWh or \$2.2M or 2.4%
- Current Forecast Model (Dec 2012 & May 2013 CDRs)
 - The Dec 2012 forecast for 2013 was 331,877 GWh
 - Current forecast for 2013 is 331,500 GWh (Difference of 0.1%)

2013 Summer Peak Demand (August 7)



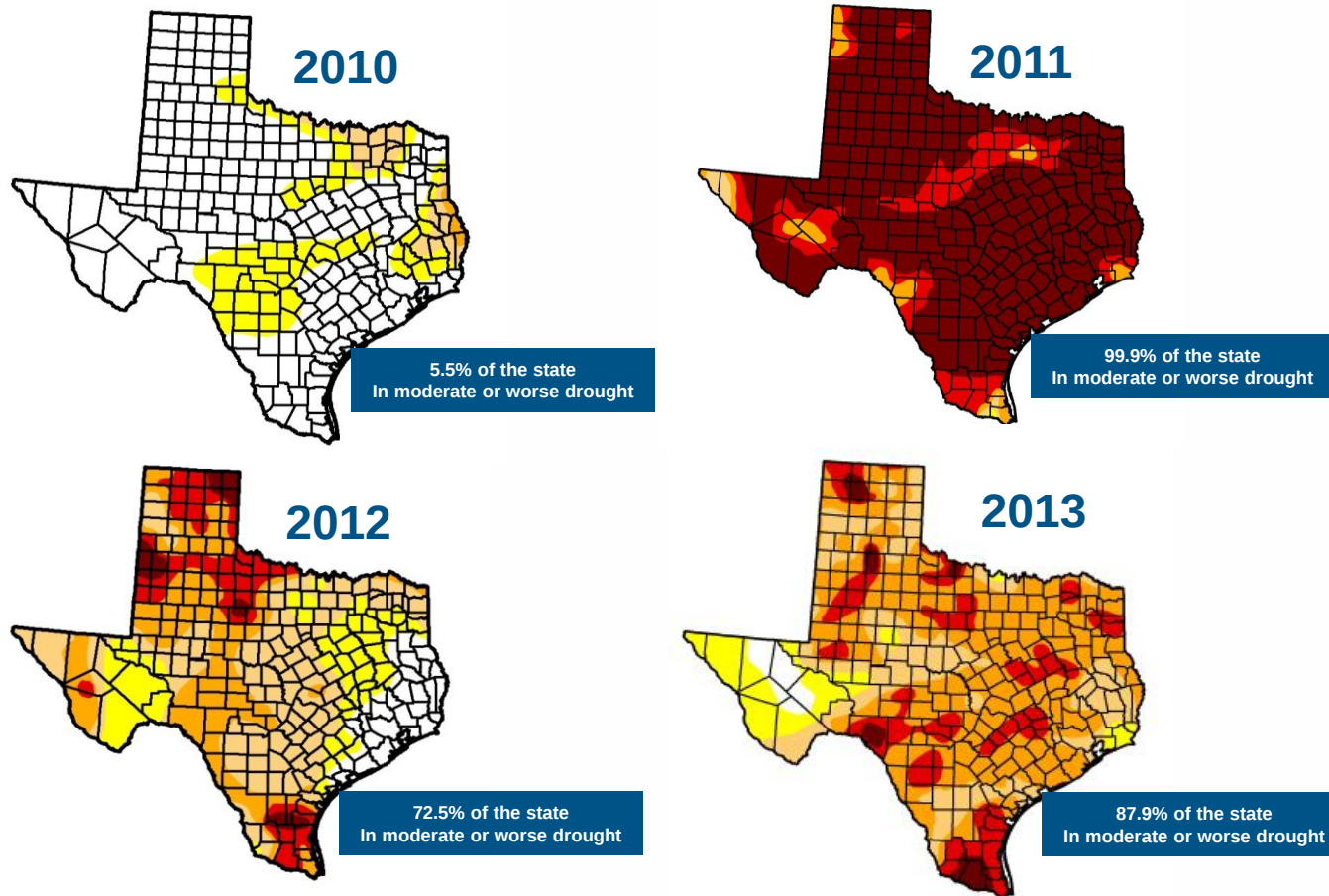
LTLF – Long Term Load Forecast with 15 year Normal Weather

Percent of Total ERCOT Load at 2013 Peak



- North Central and South Central had normal temperatures at the time of 2013 peak. Coast was 4°F cooler.
- If Coast temperature had been 99°F, the 2013 peak demand would have likely exceeded 68,000 MW
- Under 2011 peak conditions, temperatures were at 103°F (Coast), 109 °F (North Central) and 109 °F (South Central)
- 2011 weather conditions in 2013 would have caused the load to likely exceed 70,000 MW

Comparing Late-August Drought Conditions



- Drought conditions will likely not improve for most regions in Texas
- Some regions (especially South, Central, and East) will likely experience worsening conditions
- The drought will have completed a third full year in October. It's currently worse than at this point last year
- Lack of El Nino combined with AMO+/PDO- continues to support this trend

ERCOT Actions on Drought Effects

- Meteorologist on staff that monitors/forecasts drought levels
- Monitor generator cooling reservoir water levels
- Communicate with and survey affected generators on their
 - assessment of impact on their plants
 - planned mitigation actions
- Engaged a drought consultant that is
 - developing a long term drought impact analysis
 - developing a model that will be used to assign levels of risk for individual generating plants going forward
- Share information with the Texas Commission on Environmental Quality (TCEQ) in support of their administration of water rights
 - Provided testimony in Texas Farm Bureau v. TCEQ hearing
- Incorporate drought limitations in Seasonal Assessments of Resource Adequacy (SARA)
- Have a representative on the state Drought Preparedness Council

2013 Fall SARA (Final)

Item	Fall 2013	Forecasted Season Peak Load	Extreme Load/Typical Generation Outages	Extreme Load/Extreme Generation Outages
1	Total Resources	74,032		
2	Peak Demand	46,876		
3	Uses of Reserve Capacity	7,168	14,647	22,589
4	Capacity Available for Operating Reserves* (1-2-3)	19,998	12,509	4,567

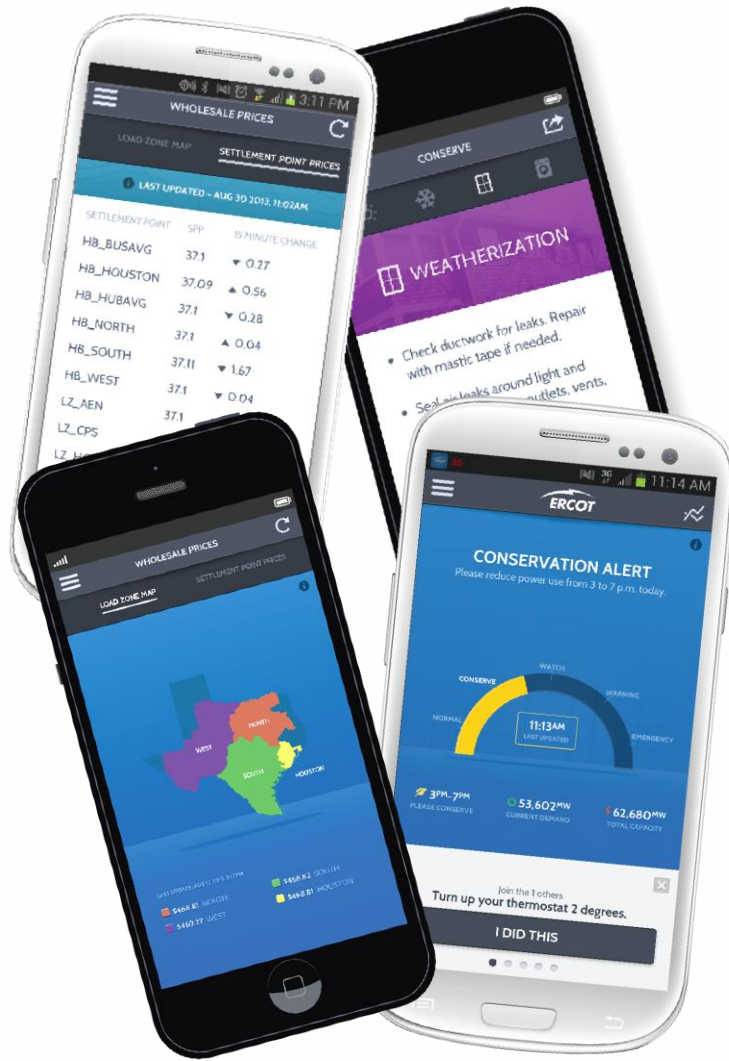
- System appears to be well-prepared for fall electric needs
- Fall peak forecast is for October, using a 2008 weather year
- Drought conditions are not expected to affect operations during the coming fall months

R4 Release Deployment

Successfully deployed R4 to production

- Release dates: July 29 – August 3
- 102 changes across major application areas
- Three NPRRs and one SCR
 - NPRR461, Energy Storage Settlements Consistent With PUCT Project 39917
 - NPRR520, Real-Time Mitigation Rules and Creation of a Real-Time Constraint Competitiveness Test
 - Several changes implemented during Release 3. Remaining scope for Energy Management System, Network Model Management System and Inter-Control Center Communications Protocol (ICCP) implemented with Release 4
 - NPRR393, SCED Constraint Management Transparency
 - Updates to impacted Daily and Monthly Congestion Reports were deployed with R4, however Business is conducting additional validations in Production before releasing the reports to Market in early October via MIS postings
 - SCR760, Recommended Changes Needed for Information Model Manager and Topology Processor for Planning Models
 - Final changes implemented for SCR760; this has been a multi-year effort
- Improvements to key areas included
 - Market Management, Outage Scheduler and Energy Management Systems
 - Network Model Management System
 - ERCOT.com, MIS Portal and Data Extracts/Reports
 - Retail

ERCOT Energy Saver app: The Next Generation



System operations

- Chart showing hourly demand and generation (Today's Outlook on landing page)
- Alternate chart with real-time demand and generation data (5-minute refresh)

Wholesale pricing

- Hub and load zone settlement point prices
- Map with four main load zone prices

Conservation tips

- Tips for appliance use, hot- and cold-weather practices and overall weatherization

Helpful information

- Quick Facts and Q&A, with links to Transmission Providers' websites
- Options for news releases, updates and sharing

Emergency alerts

- Continued push notifications, with interactive components (access to system conditions, reporting on conservation actions)

Visitors from Japan and Turkey

- Executives from Tokyo Electric Power (TEPCO) met with ERCOT on August 15 to discuss Retail Deregulation and Smart Meter Initiatives. Japan is considering full retail choice by 2016.
- Delegates from the Government of Japan met with ERCOT on July 25. The visiting members were from the Ministry of Economics, Technology and Industry and had several questions regarding the drivers of the success of the competitive electricity market in Texas.
- A Delegation from Turkey consisting of government and industry leaders met with ERCOT on August 27 to discuss our experience with integrating large wind capacity and associated reliability, market and regulatory impacts. Turkey's power system is about 40GW peak demand with 7% annual growth. It faces the challenge of installing 20GW of wind capacity by 2023 (Current wind capacity is 2300MW).



IEEE PES General Meeting, Vancouver, 21-25 July 2013

- Meeting Attendees – Audrey Zhou, Diran Obadina, David Maggio, Joel Mickey, John Schmall, Jose Conto, Minqi Zhong, Nitika Mago, Pengwei Du, Qi Peter, Sandip Sharma, Sarma (NDR) Nuthalapati, Warren Lasher and Xiangjun Xu
- Staff presented six papers and participated in six panel discussions on a variety of topics
- Led Working Groups on
 - Economics of Energy Storage
 - State Estimator Concepts & Terminologies

