



Item 4.1: CEO Update

H.B. "Trip" Doggett

President & Chief Executive Officer

Board of Directors Meeting

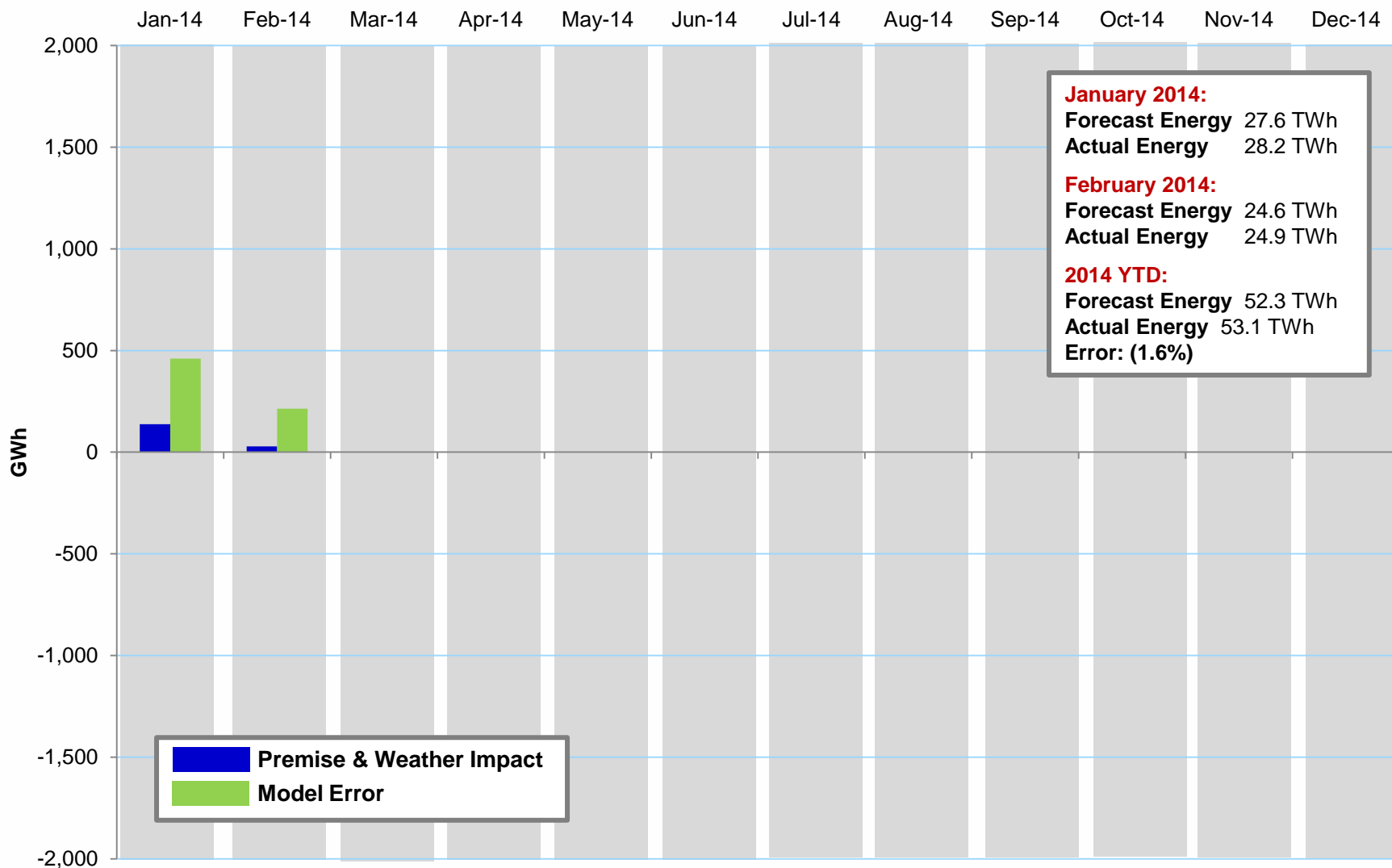
ERCOT Public

April 8, 2014

CEO Update: 2014 Financial Variances to Budget As of February 28, 2014 (\$ in Millions)

		Year End Forecast			Year to Date thru Feb 28				
Revenue Sources	System Admin Fee	●	\$	-	0.0%	●	\$	1.7	7.4%
	Other Revenue	●	\$	0.1	9.1%	●	\$	0.1	33.3%
		●	\$	0.1	0.1%	●	\$	1.8	7.7%
Base Operating Expenses	Salaries and Benefits	●	\$	-	0.0%	●	\$	0.3	2.1%
	HW/SW Support & Maint	●	\$	1.0	4.8%	●	\$	0.8	23.5%
	Facilities & Equipment	●	\$	-	0.0%	●	\$	-	0.0%
	Outside Services	●	\$	(0.3)	-3.3%	●	\$	(0.4)	-28.6%
	Market Design Contingency	●	\$	-	0.0%	●	\$	-	0.0%
	Other Expenses	●	\$	0.2	3.1%	●	\$	0.3	27.3%
		●	\$	0.9	0.7%	●	\$	1.0	4.6%
Net Revenues After Base Operating Expenses		●	\$	1.0	3.6%	●	\$	2.8	186.7%
Investing & Financing	Project Expenditures	●	\$	-	0.0%	●	\$	(0.3)	-7.9%
	Interest Expense	●	\$	-	0.0%	●	\$	-	0.0%
Net Available for Principal Payments		●	\$	1.0		●	\$	2.5	

Impact of Premise Count & Weather – 2014



Current Records – March 31, 2014

Peak Demand Record: 68,305 megawatts (MW)

- 68,305 MW, August 3, 2011

Weekend Record

- 65,159 MW, Sunday, August 28, 2011

Winter Peak Record: 57,265 MW

- 57,265 MW, February 10, 2011

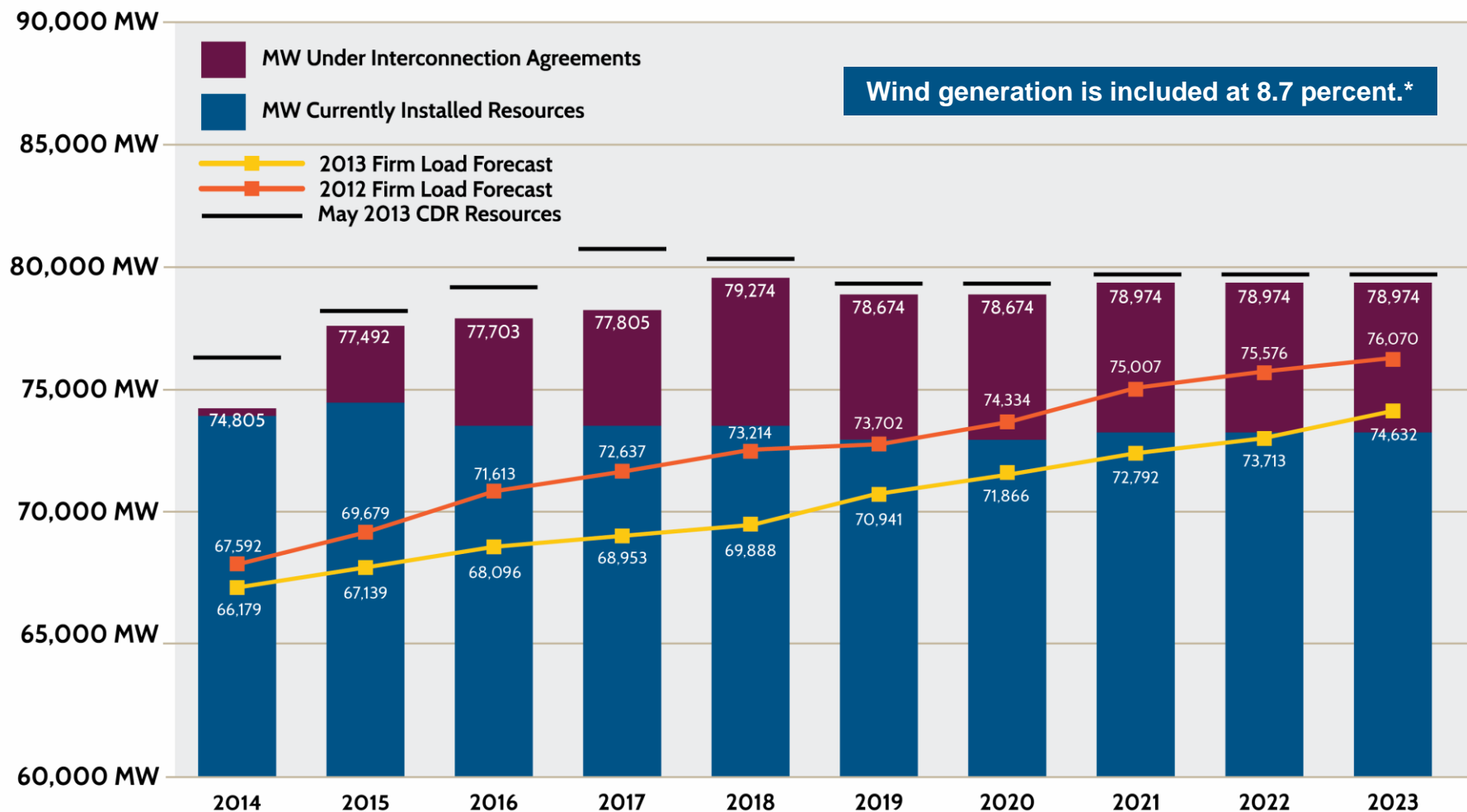
Wind Generation Records (instantaneous)

- 10,296 MW, March 26, 2014, 8:48 p.m.
 - Non-Coastal Wind Output = 8,863 MW
 - Coastal Wind Output = 1,433 MW
 - Supplying 28.78% of the 35,768 MW Load
 - Installed Commercial Capacity = 11,055 MW
- 38.43% Wind Penetration, March 27, 2013, 3:19 a.m.
 - Total Wind Output = 9,868 MW
 - Total Load = 25,677 MW

Summer 2013 Demand

- 64,418 MW, June 27
- 64,814 MW, July 31
- 67,245 MW, August 7
- 63,388 MW, September 3
- No new records

Capacity, Demand and Reserves (CDR) – February 2014



* ERCOT has been analyzing the operational characteristics of wind generation to determine whether it can depend on a higher percentage of installed capacity during periods of peak demand.

PGRR 031 Update

Objective

Provide recommendations on possible gaps between Operations & Planning

Completed to Date

- Consolidated Planning and Operations SOL Methodology
- Planning model built from NMMS
- PGRR025 – Considers unavailability of 345/138kV autotransformers
- PGRR026 – Addition of Year 6 to the SSWG Base Cases
- PGRR029 – December 31 deadline for Regional Transmission Plan

Next Steps

- Continue discussions at the scheduled Planning Working Group Meetings in April & May to address Operations & Planning Synchronization Task Force recommendations and Feb 11th Board feedback
- Provide update to Board on June 10th

SOL – System Operating Limit
NMMS – Network Model Management System
SSWG – Steady State Working Group

Winter 2013-2014

Winter SARA

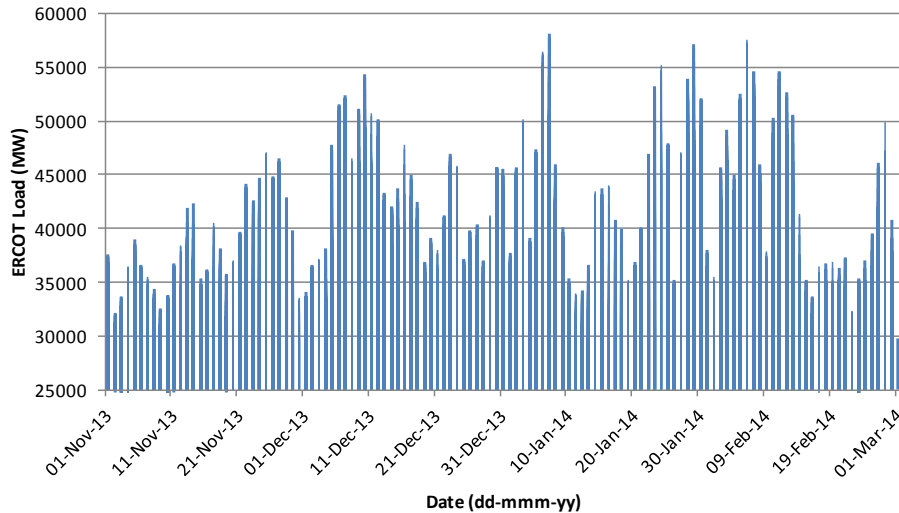
- The ERCOT region expected to have sufficient capacity
- Unlikely for need to declare an Energy Emergency Alert

Winter Outcome

- Winter was 2.9° below the 15-year normal
- Large increase in cold weather days compared to previous 3 winters
 - Dallas experienced 22 days above the normal number of days below freezing
 - Brownsville experienced 7 times as many days below 40 degrees as 2012/13
- An EEA declared (Jan 6th) during extreme weather
- Lessons learned
 - Review the planned and forced outage MWs used for SARA
 - For reliability unit commitment decisions, anticipate generation capacity unavailability during severe cold weather events
 - Impact of ice and low temperature limits on Wind Generation forecast

Demand Variability & Weather Volatility

Hourly Maximum Load
November 1 2013 - March 1 2014



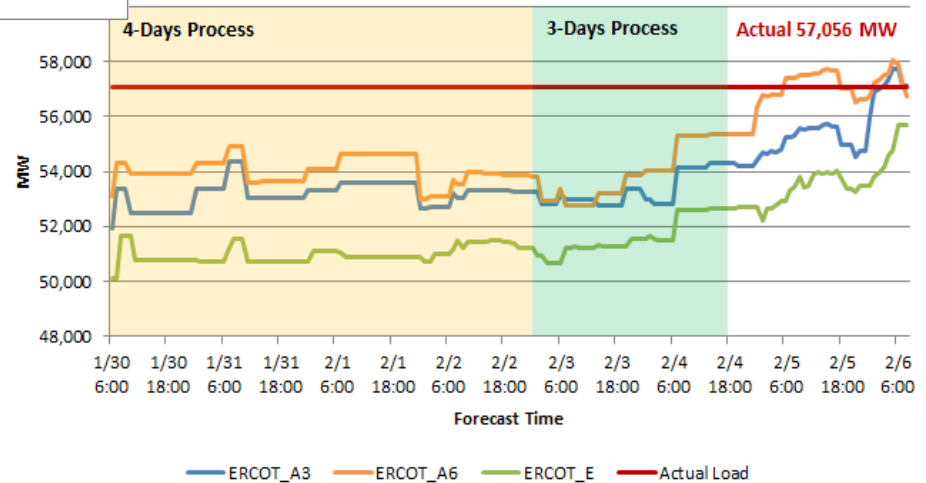
Challenging to manage high Demand Variability



Impact of Weather Volatility
On Load Forecasting



Load Forecast for Feb 6th HE8



ERCOT Leadership at ISO/RTO Council (IRC)



David Forfia, Director of IT Architecture
Chair, Information Technology Committee (2013-14)

Contributions include:
Executive sponsor of the Smart Grid Working Group



Theresa Gage, Director of Corporate Communications
Chair, Communication Committee (2012)

Contributions include:
Develop best practices for communicating in times of grid emergencies



Warren Lasher, Director of System Planning
Chair, Planning Committee (2014)

Contributions include:
Evaluate impact of distributed generation on grid reliability



Matt Morais, Director of Federal Policy
Chair, Regulatory & Legislative Committee (2013-14)

Contributions include:
Coordinate participation NERC & FERC proceedings

IRC Objective – By sharing innovative ideas and real-world best practices, IRC members work together to build a smarter and more efficient electric grid that's well prepared to serve the North American power market and its consumers, today and tomorrow.



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