



Item 4.1: CEO Update

H.B. "Trip" Doggett

President & Chief Executive Officer

Board of Directors Meeting

ERCOT Public

April 14, 2015

CEO Update: Variance to Budget (\$ in Millions)

Net Revenues After Base Operating Expenses as of February 28, 2015

Net Revenues Year to Date: \$2.2 M Favorable

Major Revenue Variances

\$1.7 M over budget: system administration fees are favorable due to colder-than-expected temperatures

Major Expenditure Variances

\$0.6 M under budget: hardware/software vendor services due to timing differences

Net Revenues Year End: \$1.5 M Unfavorable

Major Revenue Variances

\$1.5 M under budget: system administration fees are unfavorable due to new model which forecasts lower load than previous model

Major Expenditure Variances

None forecasted at this time

Winter 2014 – 2015

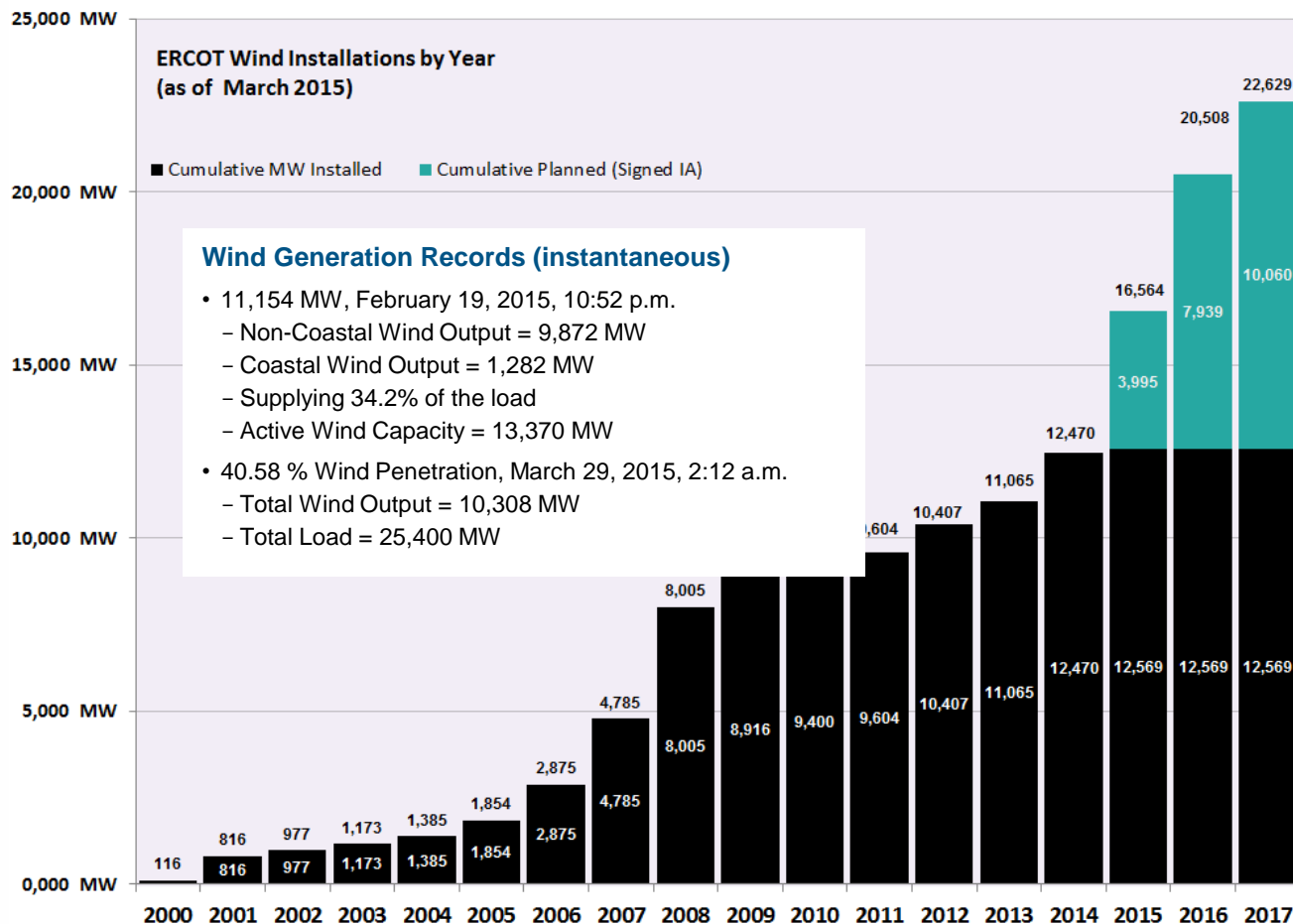
Winter SARA

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

Winter Outcome

- Not as cold as the prior winter; 0.7° below the 15-year normal
 - Number of days below freezing in Dallas were at normal (29). Substantially fewer days below freezing than the prior winter (46)
 - Brownsville recorded 7 days sub-40 degrees (compared to 16 last winter)
- Process to commit additional reserves, if needed, during cold weather was formalized prior to winter; this process was not triggered this winter
- No Energy Emergency Alerts issued
- Improved the forecasting of wind generation during turbine icing conditions

Wind Generation Capacity – March 2015



The data presented here is based upon the latest registration data provided to ERCOT by the resource owners and can change without notice. Any capacity changes will be reflected in current and subsequent years' totals. Scheduling delays will also be reflected in the planned projects as that information is received.

This chart reflects planned units in the calendar year of submission rather than installations by peak of year shown.

2015 R2 Release Summary (March 23-27)

- **78 Change Requests (CRs) and 4 Projects across major application areas**
- **NPRRs and SCRs**
 - NPRR491, Posting of a new report to MIS that delivers additional information on MW capability and location of Demand Response Resources
 - SCR778, Real-Time Liability (RTL) and Outstanding Unpaid Transactions (OUT) calculations modified to reduce credit exposure to an estimated amount
- **Market Management System and Outage Scheduler (MMS/OS) Technology Refresh**
 - Updated the technology stack that supports the ABB platform
 - Replaced versions of the Database, Rules Engine, Web Server, Operating System, Browser, etc.
 - Ensured that ERCOT is current and has 3rd party support for various software technologies that run the market and outage applications.
- **Majority of the R2 changes were for the following functional areas**
 - Market Management System, Settlement Metering, Enterprise Information Services
 - Energy Management System, Market Information System, Commercial Systems Integration

EMS Support Workshop (February 17, 2015)

About the workshop:

- Brought stakeholders together from across the ERCOT Region to share insights on EMS issues, best practices and lessons learned
- Positive feedback from attendees, which spurred ongoing conversations on focused topics post-workshop via WebEx and establishment of the ERCOT EMS User Group
- Based on the workshop success, ERCOT will host the NERC continent-wide 2015 EMS Monitoring and Situational Awareness conference at the Met Center in September
- Commended for their efforts by Mark Henry of TRE

Thanks to the efforts of these individuals, the workshop was a great success:

ERCOT: (from left to right)
Sreenivas Badri, Steve White, Carol Little, Sherry Schneider and Venkat Gajjela.

Jagan Mandavilli, TRE (Not Pictured)
Venkat Tirupati, LCRA (Not Pictured)



MMS/OS Tech Refresh

Congratulations!

- Completed major software upgrades for Market Management System & Outage Scheduler
- Replaced versions of DB, Rules Engine, Web Server, Operating System, Browser, etc.
- Ensured continued support from 3rd party vendors
- Reduced future maintenance cost by aligning ERCOT with the vendor's base product
- Delivered full functionality with improved performance



The following individuals are just a few of the 99+ team members that made it all happen:

Front row: (from left to right)
Indra Mallu, Sreenivas Badri, Jeff Gilbertson, Ramesh Kaul, Hailong Hui, and Jack Guo

Back row: Ujwal Maskey, Jake Brown, Jason Bradshaw, Katherine Li, Xiangjun Xu, Venkat Gajjela, Yu Li, Jay Patel, Anutosh Adhikary, Leo Castillo, Rachel Villarreal, Kevin Hanson, Nooresh Bajracharya, Naga Valasagandla, Zhengguo Chu, and Alfredo Moreno



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Physical Security In-House Transition Status

- ERCOT successfully transitioned the physical security guard force to in-house staff as of March 31, 2015
- The additional 22 FTE are absorbed in existing security budget
- Relative to 2014 actual costs (contractors), the budget for 2016 (employees) reflects a savings of approximately \$250k
- ERCOT management thanks the Board and staff for their support on this achievement

