



Item 4.1: CEO Update

H.B. "Trip" Doggett

President & Chief Executive Officer

Board of Directors Meeting

ERCOT Public

August 11, 2015

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

Net Revenues After Department Expenditures as of June 30, 2015

Net Revenues Year to Date: \$0.5 M Unfavorable

Major Revenue Variances

\$0.8 M under budget: system administration fees are unfavorable due to milder-than-expected weather

Major Expenditure Variances

\$0.9 M over budget: higher benefit cost

\$0.5 M under budget: interest expense due to lower revolver usage and project funding

Net Revenues Year End: \$3.5 M Unfavorable

Major Revenue Variances

\$2.0 M under budget: system administration fees unfavorable based on current actuals and load forecast for remainder of year

Major Expenditure Variances

\$1.7 M over budget: higher benefit cost

\$0.8 M over budget: additional responsibilities surrounding new NERC transmission planning standards

\$1.0 M under budget: interest expense due to lower revolver usage and project funding

2015 R4 & R5 Release Plans

Release 4 (Aug. 10-14)

- iTest Data refresh
- No NPRRs or SCRs scheduled for deployment

Release 5 (Sept. 21-25)

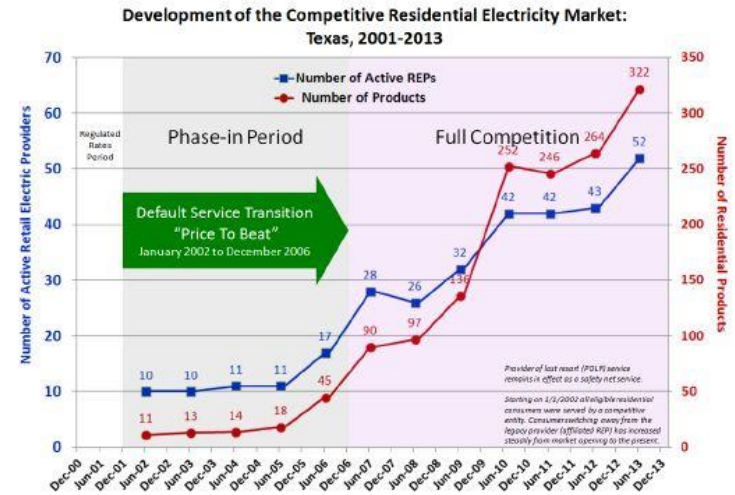
- 186 CRs and 3 Projects across major application areas
- NPRRs and SCRs
 - NPRR589: Ancillary Service Offers in the Supplemental Ancillary Services Market
 - NPRR698: Clarifications to NPRR595, RRS Load Resource Treatment In ORDC
 - SCR771: ERCOT System Change Allowing Independent Master QSE to Represent Split Generation Resources
- Major System Projects
 - 2015 Market Systems Enhancement Phase 2 project (NPRR698)
 - IT Production Hardening project
- Majority of the R5 changes are for the following functional areas
 - Energy Management System, Market Management System
 - Current Day Reports, Enterprise Information Services, Market Information System
 - Commercial Systems Integration, Settlements & Billing, Settlement Metering, Enterprise Integration, Public Dashboards



Top Market in the United States and Canada

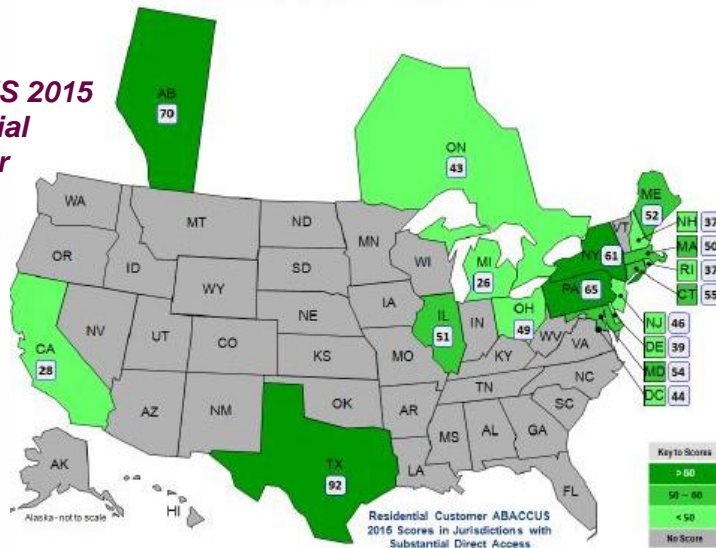
ERCOT competitive retail market #1 in the United States and Canada eighth year in a row*

- Top rankings for both residential and commercial/industrial retail markets in Texas
- Most product offerings (300+) among states assessed
- 5.9 million residential customers taking competitive electric service



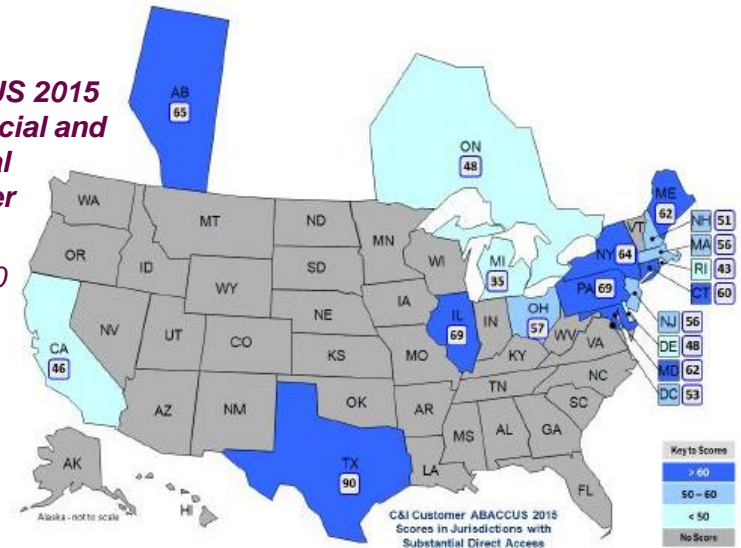
ABACCUS 2015 Residential Customer Scores

Texas: 92



ABACCUS 2015 Commercial and Industrial Customer Scores

Texas: 90



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*Annual Baseline Assessment of Choice in Canada and the United States (ABACCUS), from Distributed Energy Financial Group, LLC

2015 Interns

Name	College	Department
Santa Aguirre-Mondragon	St. Edward's University	Compliance Control & Monitoring
Angel Clark	Texas A & M University	Operations Engineering
Austin Covington	Texas A & M University	Cyber Security
Marina Dultra	The University of Texas at Austin	Market Design & Development
Mark Hagge	University of Illinois	System Planning
Adam Hewitt	Michigan State University	Physical Security
Marie (Ashley) Hilliard	University of Chicago	Resource Adequacy
Ryan Hutchinson	Texas Tech University	IT Strategy & Services
Muhammad Khan	University of Houston	Model Administration
Cecilia Klauber	University of Illinois	Transmission Planning (Dynamic Studies)

2015 Interns (continued)

Name	College	Department
Ariana Koufteros	The University of Texas at Austin	Procurement and Contracts Administration
Lydia Lee	University of California (Berkeley)	Advanced Network Applications
Weifeng Li	North Carolina State University	System Operations
Garrett Maples	The University of Texas at Austin	Operations Training
Mallory Marcon	Texas A & M University	Portfolio Management
Stormy (William) Mauldin	The University of Texas at Austin	Operations Training
Natalie Patton	The University of Texas at Austin	Cyber Security
Mansoureh Peydayesh	The University of Texas at Austin	Resource Adequacy
Nischal Rajbhandari	The University of Texas at Arlington	Operations Analysis
Lauren Savage	The University of Texas at Austin	Project Management

2015 Interns (continued)

Name	College	Department
Amanda Sikes	Texas State University	Accounting & Finance Reporting
Michael Sommerdorf	St. Edward's University	Accounting & Finance Reporting
Zachary Stines	Pennsylvania State University	Model Administration
Courtnie Taylor	Texas Tech University	Treasury
James Williams	Texas Tech University	Corporate Applications

IEEE Power and Energy Society General Meeting



ERCOT attendees included: John Bernecker, Bill Blevins, Jesse Boyd, Cathey Carter, Sean Chang, Jian Chen, Jose Conto, Trip Doggett, Pengwei Du, Fred Huang, Chunlian Jin, Warren Lasher, Ying Li, Nitika Mago, Sarma (NDR) Nuthalapati, Diran Obadina, Jonathan Rose, John Schmall, Nicholas Steffan, Pete Warnken, Li Weifeng, Jian Wu and Xiaolong Yu

July 26-30, 2015
Denver, Colorado

The Institute of Electrical and Electronic Engineers (IEEE) is the world's largest professional association dedicated to advancing technological innovation and excellence for the benefit of humanity.

- More than 3,300 attendees – an all-time record!
- ERCOT plays a leadership role in IEEE professional activities



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IEEE Power and Energy Society General Meeting

- Warren Lasher presented “Planning for the Changing Grid in ERCOT” at the Super Session on “Changing Generation Assets and Their Impacts”
- Pengwei Du and Sarma (NDR) Nuthalapati organized and chaired various panel sessions
 - Pengwei is the chair of the Task Force on Advanced Future Bulk Power Systems with Massive Distributed Resources
 - NDR is the chair of the Real-Time Contingency Analysis Task Force
- ERCOT staff participated as experts in other panel sessions:
 - The Pathway for Synchrophasors into Control Centers
 - Wind Turbine Generator Performance on Weak Grids
 - System Model Validation per NERC Reliability Standards and Similar International Standards
 - Analysis of Subsynchronous Interactions in Systems with Renewable Generation Resources
 - Need for Policy Level Changes to Encourage Participation in Reactive Power Market, Reactive Power Investment and Reactive Power Control
 - The Computation of Dynamic Transfer Limits with Contingencies and Remedial Action Schemes in Real Time and Look Ahead Modes
 - Integrated Resource Planning Considering Gas and Water Constraints
 - Stochastic Operation and Planning Considering Renewable Integration
 - Impacts and Emerging Technologies on Power System Operations Considering Interaction between Transmission & Active Distribution Grids
 - Large-Scale Electric Energy Storage Integration into the Grid: Current Practices and Emerging Applications
 - Stochastic Operation and Planning Considering Renewable Integration

Special Recognition – Bryan Hanley

Director of Infrastructure

Hired by ERCOT: February 2003

Director since: February 2013

Recent Achievements:

- Developed computer sharing method to reduce project cost
- Virtualized systems to enable faster changes
- Led efforts to put IT configuration inventory in a database
- Improved configuration awareness & simplified infrastructure
- Developed service delivery to reduce project duration
- Increased system resiliency — network and data recovery
- Examples:
 - Saved EMS project >\$1M in hardware/software
 - Improved foundation for CIPv5 compliance

