



## Item 4.1: CEO Update

*Bill Magness*  
President & CEO  
ERCOT

Board of Directors Meeting

ERCOT Public  
April 19, 2016

# CEO Update: Variance to Budget (\$ in Millions) Net Revenues After Department Expenditures

**Net Revenues Year to Date Actuals: \$1.8 M Favorable** *(as of February 29, 2016)*

## Major Revenue Variances

\$1.7 M under budget: system administration fees unfavorable due to milder-than-expected weather

## Major Expenditure Variances

\$3.1 M under budget: timing differences

\$0.9 M: computer hardware and other equipment purchases

\$0.7 M: employee benefit costs

\$1.5 M: external studies/consulting services, staffing management, miscellaneous spending

**Net Revenues Year End Forecast: \$0.9 M Favorable** *(as of April 4, 2016)*

## Major Revenue Variances

\$0.7 M under budget: system administration fees unfavorable based on current actuals and load forecast for remainder of year

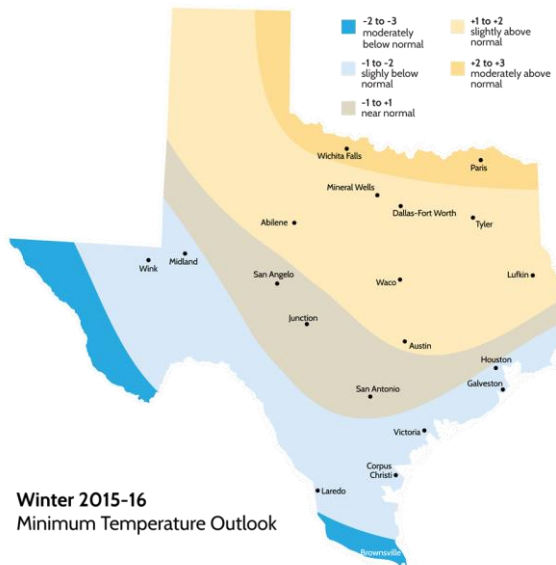
## Major Expenditure Variances

\$0.9 M under budget: savings for staffing management

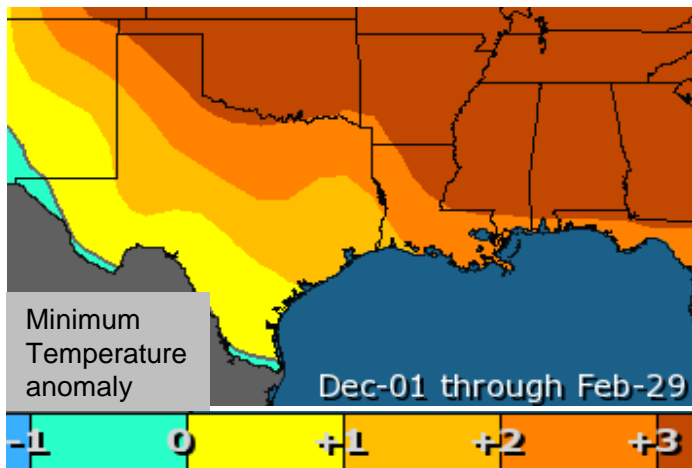
\$0.7 M under budget: interest expense due to project funding and no revolver usage



# 2015-16 Winter Review



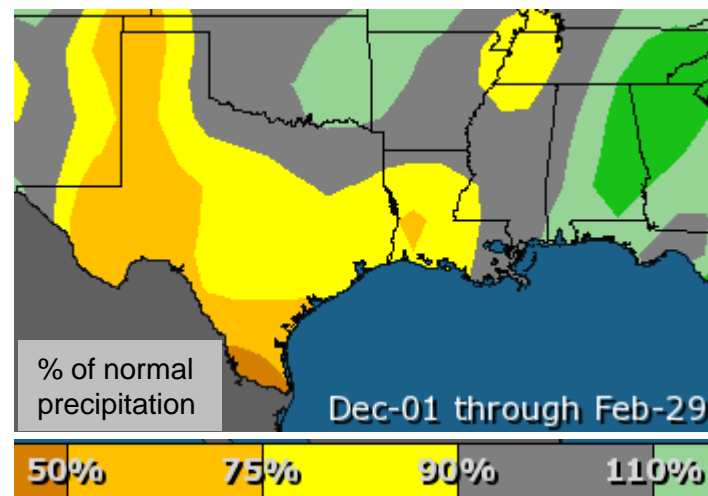
## Forecast compared to Actual



- 2015-16 El Niño will rank as one of the three strongest of all-time

- 8<sup>th</sup> warmest winter in Texas weather history (1895-current)
- Warmest winter since 1999-2000
- Warmest winter recorded during a strong El Niño
- 5<sup>th</sup> warmest winter for Austin, Dallas and Houston

- Drier winter than forecast, which added to the winter warmth



# EMS Upgrade – March Closed Loop Test Highlights

- The first Closed Loop test was successfully completed on March 17
- The new EMS system controlled and monitored the Grid starting around 10:35am for approximately 4 hours
- Output from upgraded EMS was compared to existing EMS to validate the new system
- New defects were discovered during testing and subsequent performance analysis. The team is working to resolve all high priority defects prior to the next Closed Loop test
- May 26 is the next Test/Go-Live date
- June 23 is the alternate date for Test/Go-Live if necessary

# 2016 R2 Release Summary

- Release Dates: April 12 – 14
- 72 Change Requests across the application areas
- NPRRs
  - NPRR419: Revise Real-Time Energy Imbalance and RMR Adjustment Charge
  - NPRR728: Removal of Language Related to NPRR484, Revisions to Congestion Revenue Rights Credit Calculations and Payments, and NPRR554, Clarification of Future Credit Exposure Calculation
- Majority of the R2 changes are for the following functional areas:
  - Current Day Reports, Enterprise Information Services, Market Information System, Market Management System, Settlements



# Coming Up

- **Grid Resilience Working Group (GRWG)**
  - ERCOT stakeholder group will assess certain risks with low probability of occurrence but potentially high impact to the ERCOT System.
  - ERCOT website – under Other Groups (<http://www.ercot.com/committees/other>)
  - First meeting on April 26, 2016
- **May 3 CDR & SARA Releases**
  - May 2016 CDR Report
  - Summer 2016 Final SARA
  - Fall 2016 Preliminary SARA



# Special Recognition – System Operators

Responsible for keeping the grid operating reliably and efficiently 24/7/365

- Monitor transmission system and ensure acceptable loading
- Monitor frequency control and reserves
- Monitor Ancillary Services obligations and performance
- Evaluate adequate Resource & Ancillary Service capacity to serve forecasted load

## One Group of System Operations Team Members:

*From left*  
Brad Dusenberry,  
Ryan McSherry, Jackie Draper,  
Senior Manager Jimmy  
Hartmann, Tamara Drummond-  
Bunner, Jerry Douglas,  
Rick Montoya, Terry Vogel.  
*Not Pictured, June Yanchak*

