Item 5.1: 2017 Summer Operations

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Summer 2017 Resource Adequacy Outlook

Summer 2017	Forecasted Season Peak Load[1]	Forecasted Season Peak Load / Extreme Generation Outages[2]	Forecasted Season Peak Load / Low Wind Output[3]	Extreme Peak Load[4] / Typical Generation Outages
Total Resources (as of April 25)	81,860			
Peak Load	72,934[1]			
Uses of Reserve Capacity	3,420	5,294	6,455	7,113
Capacity Available for Operating Reserves	5,506	3,632	2,471	1,813

[1] *Based on normal weather from 2002-2015*

[2] *Based on typical generation outages (average historical planned and forced outages during peak hours for June-September weekdays, starting in 2012), plus additional forced outages at 90th percentile*

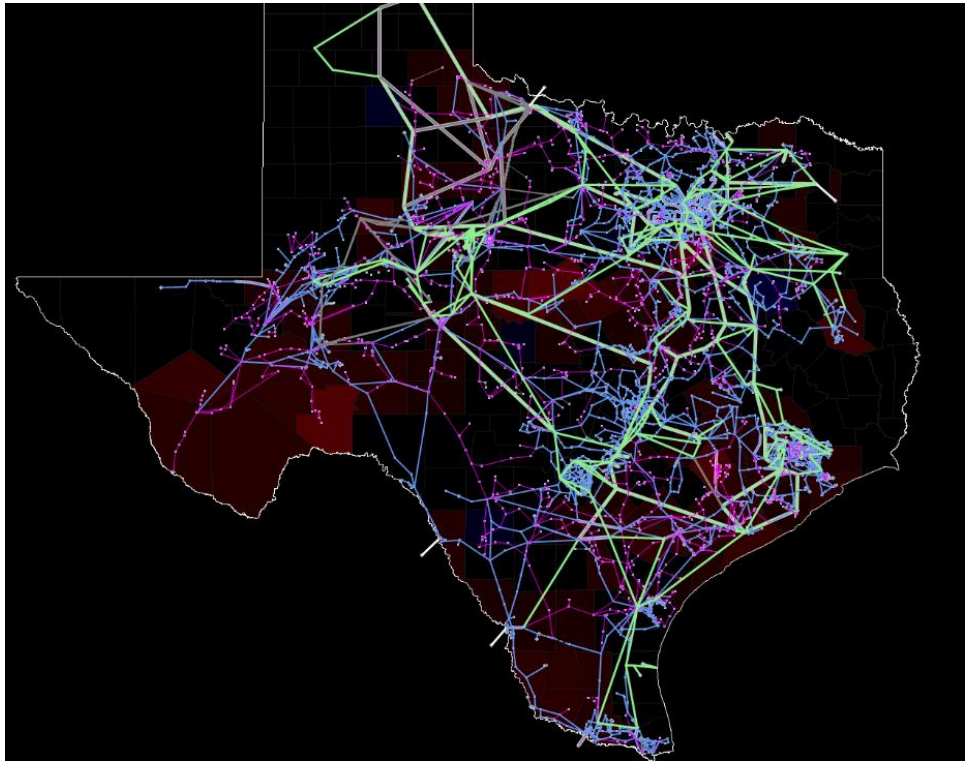
[3] *Based on 10th percentile of wind output during 100 highest Net Load hours for the 2013-2016 Summer seasons*

[4] *Based on 2011 weather*

Summer 2017 Transmission Outlook

- No expected wide-area reliability concerns this year, barring significant outages

- May experience congestion in some areas
  - Panhandle
  - Houston
  - Localized areas of West Texas



Operational Changes for Summer 2017

- Physical Responsive Reserve (PRC) Changes
  - Include all capacity from Load Resources triggered by UFR (NPRR 801)
  - Include capacity from curtailed wind farms that are capable of providing frequency response (NPRR 573)
- Removed discount factor for unit capacities from Responsive Reserve procurement
- Declare EEA-3 at PRC of 1,375 MW but maintain load-shed trigger at 1,000 MW (NPRR 824)
- Reliability Unit Commitment buyback up to operating hour (NPRR 744)
- Implemented Reliability Risk Desk
- Added operational analyses to improve Valley import limit

Grid Conditions

Normal Conditions	• Sufficient generation, all is well
Conservation Alert	• Potentially tight operating reserves — generation/demand • Don't issue routinely just because hot or cold
Power Watch Conservation Needed	• Energy Emergency Alert (EEA) 1 • Operating reserves <2,300 MW but >1,750 MW • First stage demand response programs
Power Warning Conservation Critical Risk of Rotating Outages	• EEA 2 and EEA3 with Operating reserves <1,750 MW but >1,000 MW* • Load resources, Emergency Response Service
Power Emergency Rotating Outages in Progress Conservation Critical	• EEA 3 with Operating reserves <1,000 MW* • Direct transmission providers to begin rotating outages to reduce demand on system.

* Note: EEA 2 and EEA 3 also have frequency triggers; EEAs might not be called if conditions are expected to recover within 30 minutes.

Questions?