

REVISED 10/13/17



Item 4.1: CEO Update REVISED 10.13.17

Bill Magness
President & CEO
ERCOT

Board of Directors Meeting

ERCOT Public
October 17, 2017

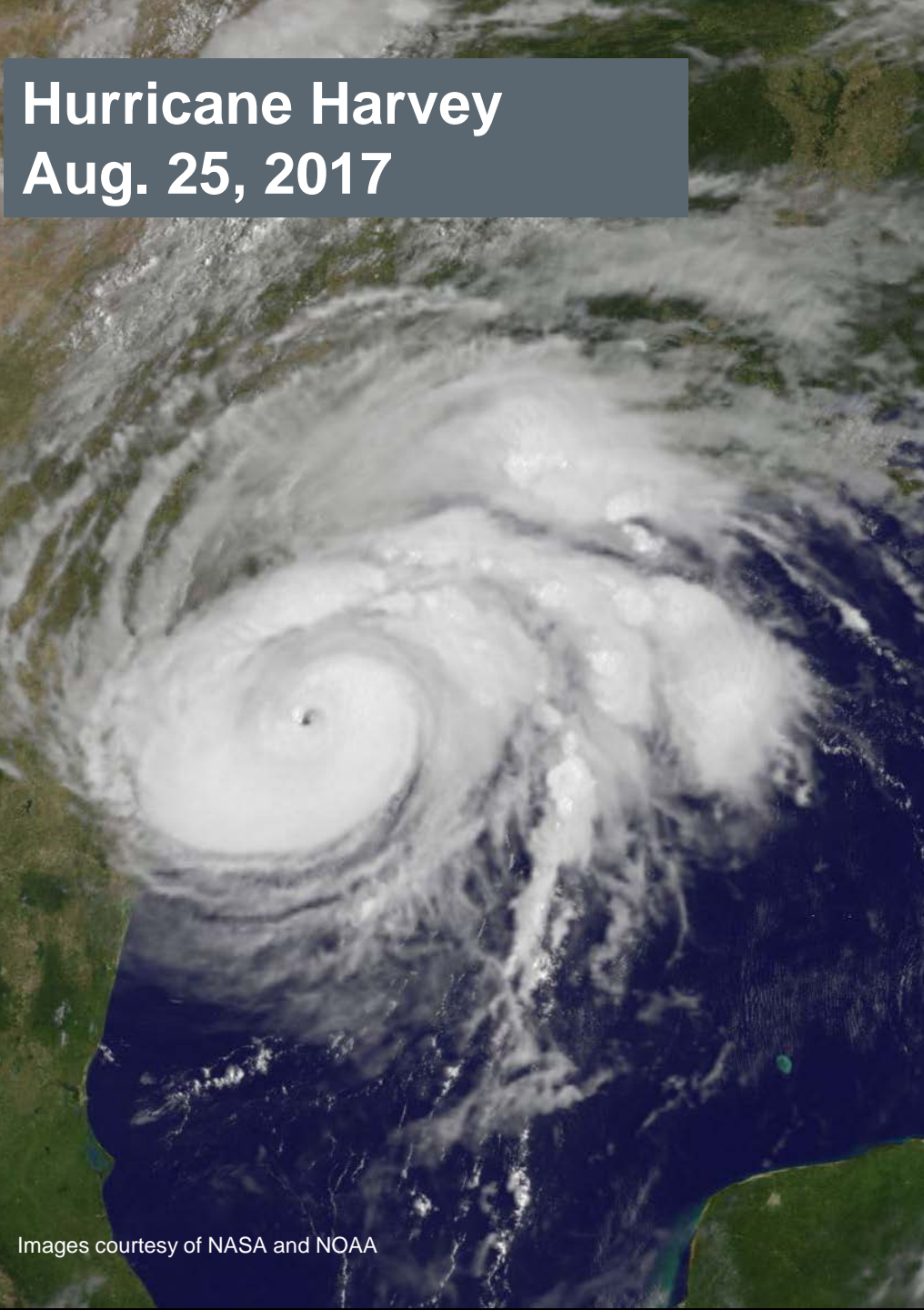
Hurricane Harvey

Aug. 25, 2017

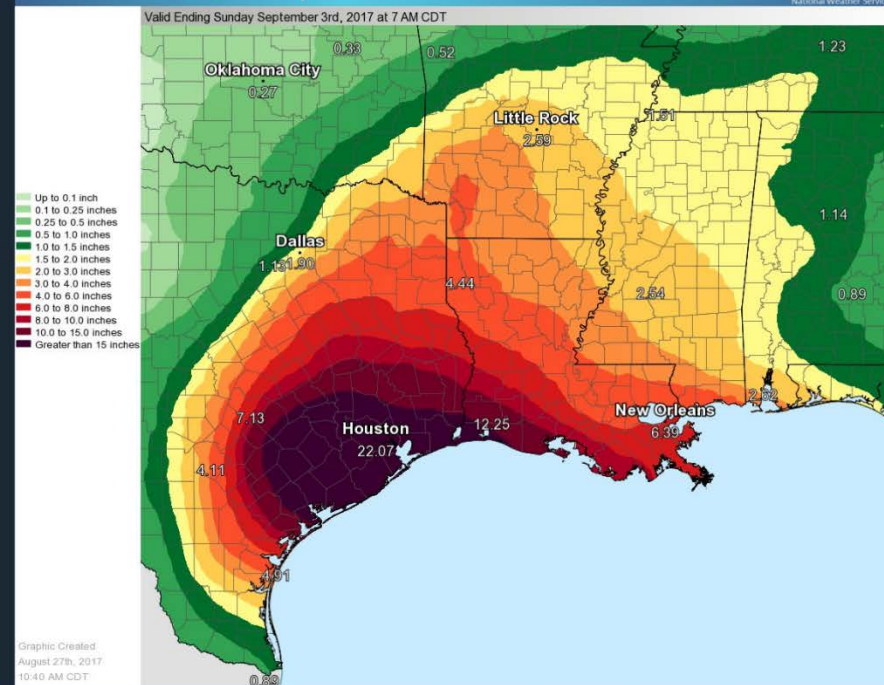


NWS 
@NWS

This event is unprecedented & all impacts are unknown & beyond anything experienced. Follow orders from officials to ensure safety. [#Harvey](#)



Forecast Precipitation

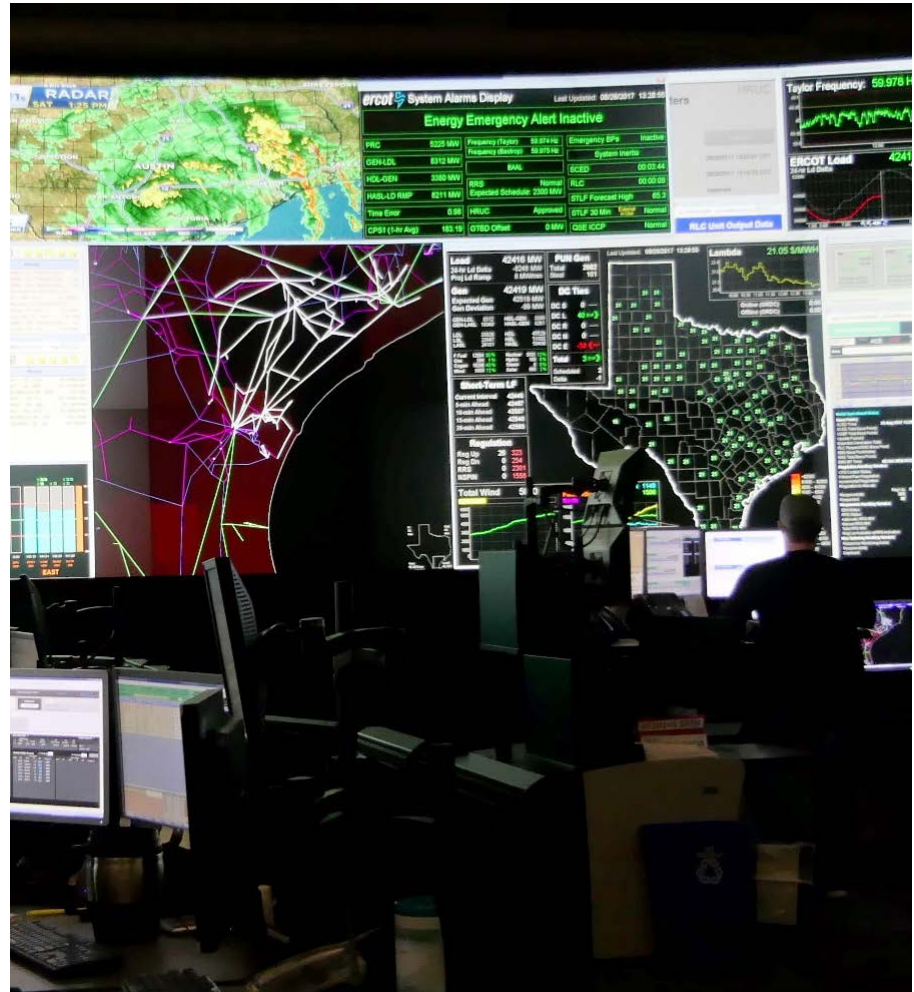


Images courtesy of NASA and NOAA

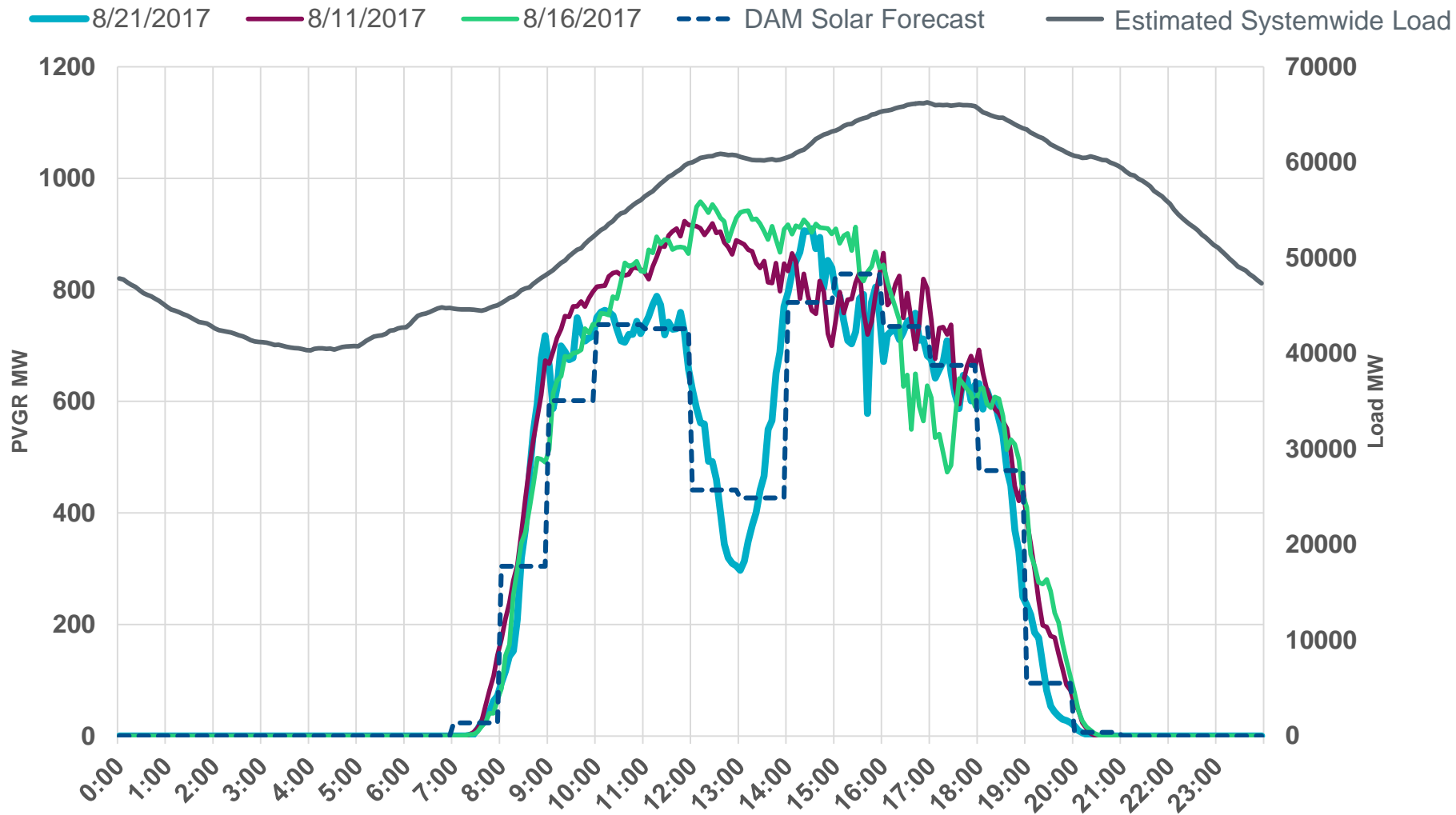
Tweet your reply

Hurricane Harvey Impacts and Response

- Worst natural disaster in Texas history
- Grid remained stable, thanks to vigilant people and effective tools
- Reports today from:
 - Dan Woodfin, ERCOT
 - Judith Talavera, AEP Texas
 - Kenny Mercado, CenterPoint Energy



ERCOT Solar Generation, System Load (Aug. 21 Eclipse)



Variance to Budget (\$ in Millions)

Net Revenues After Department Expenditures

Net Revenues Year to Date Actuals: \$7.2 M Favorable *(as of August 31, 2017)*

Major Revenue Variances

\$1.3 M under budget: system administration fees unfavorable due to mild weather

\$0.6 M over budget: interconnection revenue

Major Expenditure Variances

\$2.7 M under budget: interest expense due to project funding and no revolver usage; interest income due to higher rates

\$0.9 M under budget: computer hardware and equipment purchases

\$0.6 M under budget: building maintenance and property tax

\$1.2 M under budget: resource management (\$-1.0 M staff backfill and augmentation; \$1.4 M project work; \$0.8 M staffing management)

\$2.2 M under budget: timing differences

Net Revenues Year End Forecast: \$6.2 M Favorable *(as of September 29, 2017)*

Major Revenue Variances

\$1.3 M under budget: system administration fees unfavorable based on current actuals and load forecast for remainder of year

\$0.6 M over budget: interconnection revenue

Major Expenditure Variances

\$3.8 M under budget: interest expense due to project funding and minimal revolver usage; interest income due to higher rates

\$1.0 M under budget: computer hardware and equipment purchases

\$0.8 M under budget: building maintenance and property tax

\$0.3 M under budget: resource management (\$-2.1 M staff backfill and augmentation; \$1.4 M project work; \$1.0 M staffing management)



Changes in PUC and ERCOT Stakeholder Leadership

- **DeAnn T. Walker**
 - New Chairman, Public Utility Commission of Texas
 - New *Ex Officio* Director, ERCOT Board of Directors
- **Adrienne Brandt**
 - Advisor to Chairman Walker
 - Former TAC Chair
- **Bob Helton**
 - TAC Vice Chair to serve as Interim Chair until next TAC leadership election



Upcoming Unit Retirements

REVISED 10/13/17

- Received Notice of Suspension of Operations for 10 units, totaling about 4,700 MW of capacity
- Will review under current rules; new PUC rules for RMR effective Jan. 1, 2018

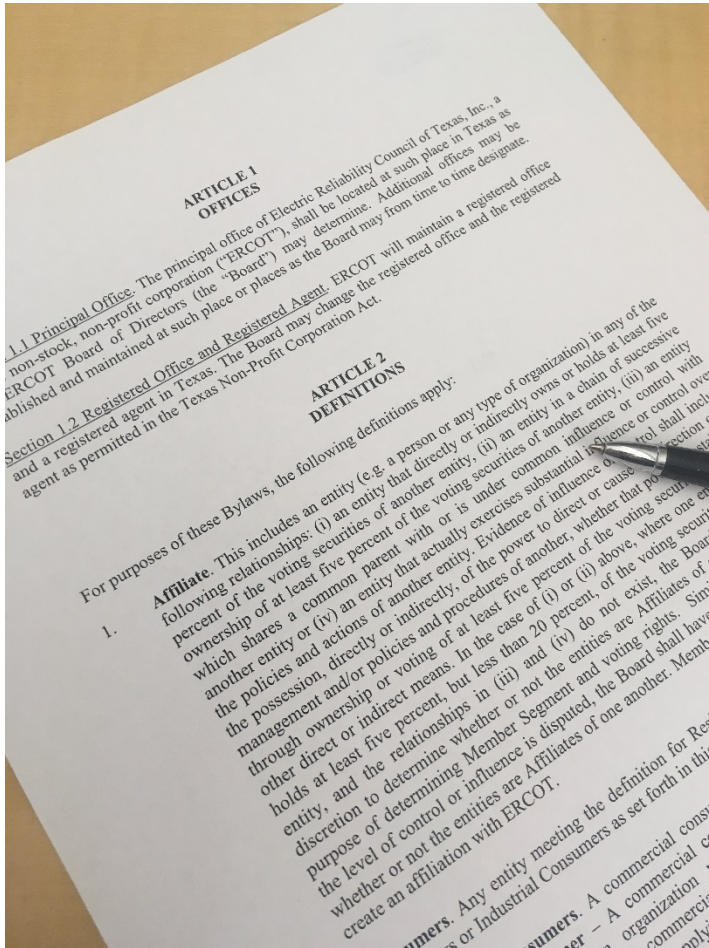
Unit Name	NSO Submittal	Initial Determination	Final Determination	MW (per NSO)
Barney Davis 1	9/27/17	10/21/17	11/26/17	300
Spencer 4	10/4/17	10/28/17	12/3/17	57
Spencer 5	10/4/17	10/28/17	12/3/17	61
Monticello 1	10/6/17	10/30/17	12/5/17	535
Monticello 2	10/6/17	10/30/17	12/5/17	535
Monticello 3	10/6/17	10/30/17	12/5/17	795
Big Brown 1	10/13/17	11/6/17	12/12/17	606
Big Brown 2	10/13/17	11/6/17	12/12/17	602
Sandow 4	10/13/17	11/6/17	12/12/17	600
Sandow 5	10/13/17	11/6/17	12/12/17	600



- GCPA launches regular meetings.
- Collaboration on operations and security issues
- Coordination agreements with CENACE



Bylaws Amendments Schedule



- Adjusting to new roles and Membership
 - Southern Cross, possible change to a Segment definition
 - Clarification of Affiliate definition
 - Requesting stakeholder input on any other items
- TAC input requested for October and November TAC meetings
- HR&G discussion in October, December and beyond
- Earliest possible Board consideration – February 2018

Developing Power Engineering Talent

- **EDP Reach Career Camp**
 - Engineer Development Program Reach Committee hosted 59 students from five universities on Sept. 29.
 - Included ERCOT overviews and career guidance sessions



Initiatives that Make ERCOT Better

- **ERCOT Data Science Group**

- Developed by Austin Rosel, Manager of Settlement Services
- Working together to learn about new and emerging data science technologies and techniques
- Launched in August, 20-30 people attending lunch meetings so far
- Steering committee also includes:
 - Blake Holt and Anson Lee, Market Operations Analysts
 - Tony El Habr, Market Operations Engineer 2

