



Senate Business and Commerce Committee Hearing

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ERCOT Reports Updated on April 30, 2018

Seasonal Assessment of Resource Adequacy (SARA) Report

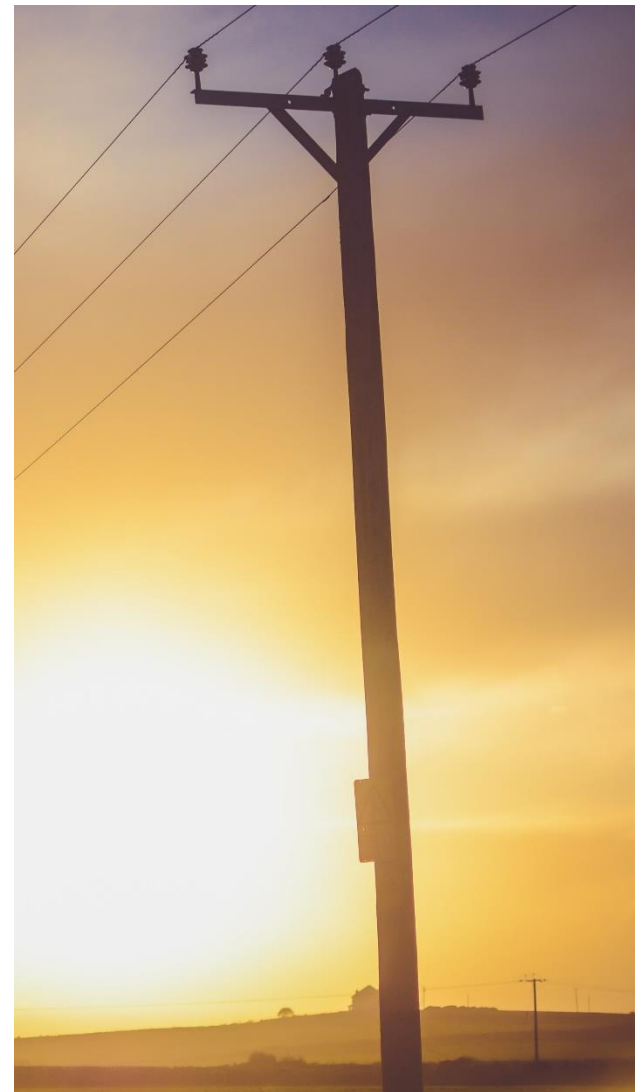
- Quarterly report focused on expected conditions for the upcoming season
- Includes scenarios for grid conditions under potential stresses: forced outages of generation, extreme weather, low wind conditions

Capacity, Demand and Reserves (CDR) Report

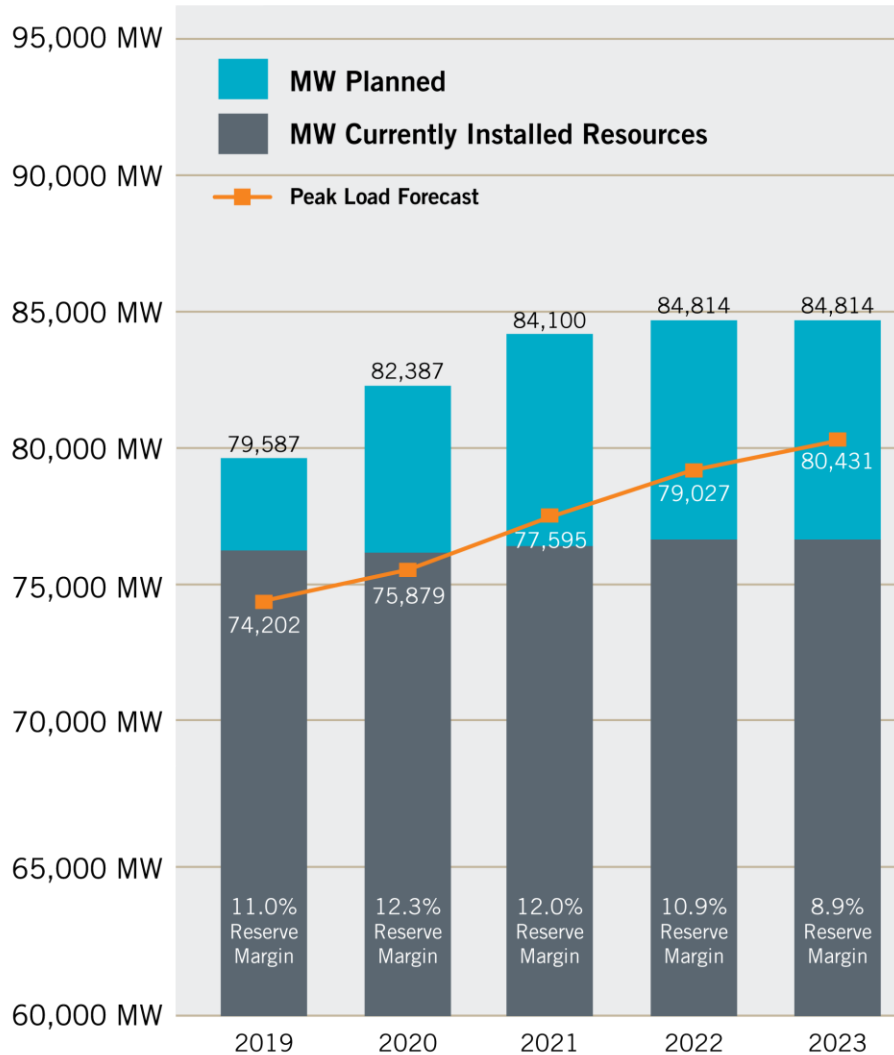
- Issued twice yearly to provide outlook on longer-term supply and demand expectations
- Measures existing and planned supply (based on reports from generation developers) against ERCOT's forecast of demand to estimate available reserves on the grid for future peak demand

SARA Report: Summer 2018 Outlook

- ERCOT began reporting on tighter reserves for Summer 2018 in its reports in December 2017.
- ERCOT expects record peak demand, driven by the strong Texas economy. Weather forecasts call for typical Texas heat, but not an extreme summer like 2011.
- Supply reduced by retirements in late 2017 and new generation project delays.
- Market decisions have increased available reserves since the first quarter preliminary report on Summer 2018 conditions.



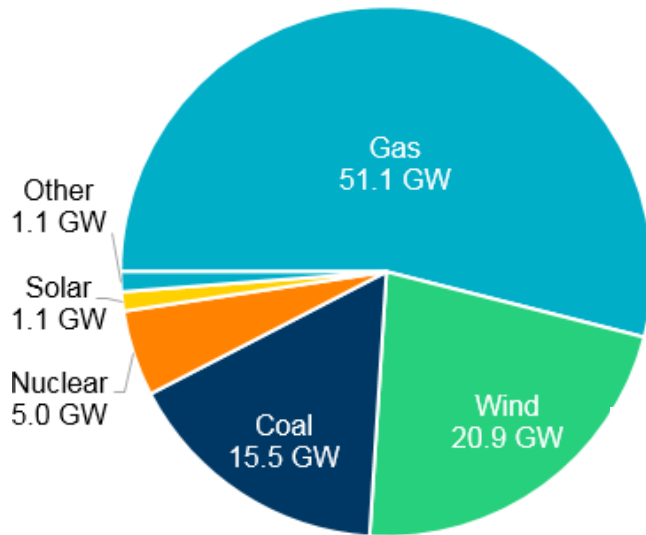
CDR Report: Longer-Term Outlook



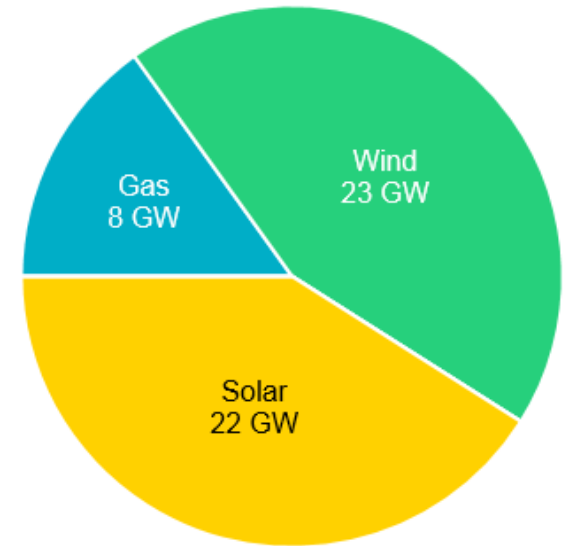
- The December 2017 CDR reported a 9.3% reserve margin going into Summer 2018. Market decisions to increase available generation improved the reserve margin expectation to 11.0%.
- The latest CDR begins its review looking at peak demand for 2019. Expectations for the next five year period reflect continued demand growth in Texas, with reserves similar to what we expect in 2018.
- Planning reserve margins can shift quickly as the ERCOT market experiences cycles of new investments, retirement of aging resources, and growing demand for power.

ERCOT Resource Mix Trends

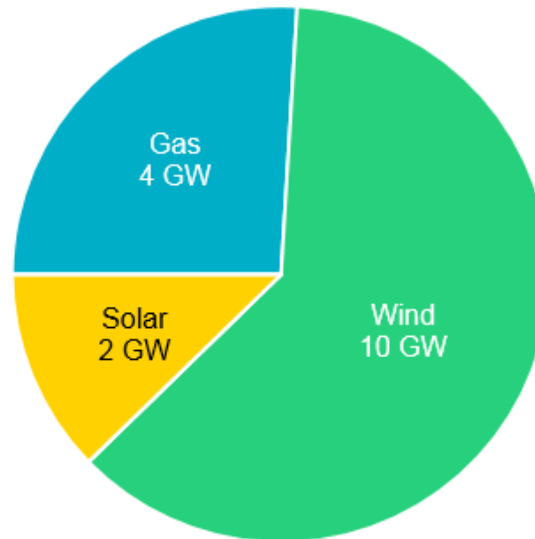
Existing resources



Other planned resources



CDR-eligible planned resources



ERCOT Reliability Tools: Designed to Manage Normal and Extreme Grid Conditions



Every day, ERCOT manages the grid 24/7, ensuring changing conditions are understood and addressed to keep power flowing. ERCOT and the market participants are focused on performance in Summer 2018.

- ERCOT manages an Ancillary Services market that pays resources to be available to respond to unexpected events on the grid.
- Demand Response programs managed by ERCOT deliver load reduction when needed to support reliable grid operations.
- The ERCOT Wholesale Market Design provides strong financial incentives for generators to be available when demand rises, and for retail electric providers to prepare for price fluctuations.