



Item 4.1: CEO Update

Bill Magness

President & Chief Executive Officer
ERCOT

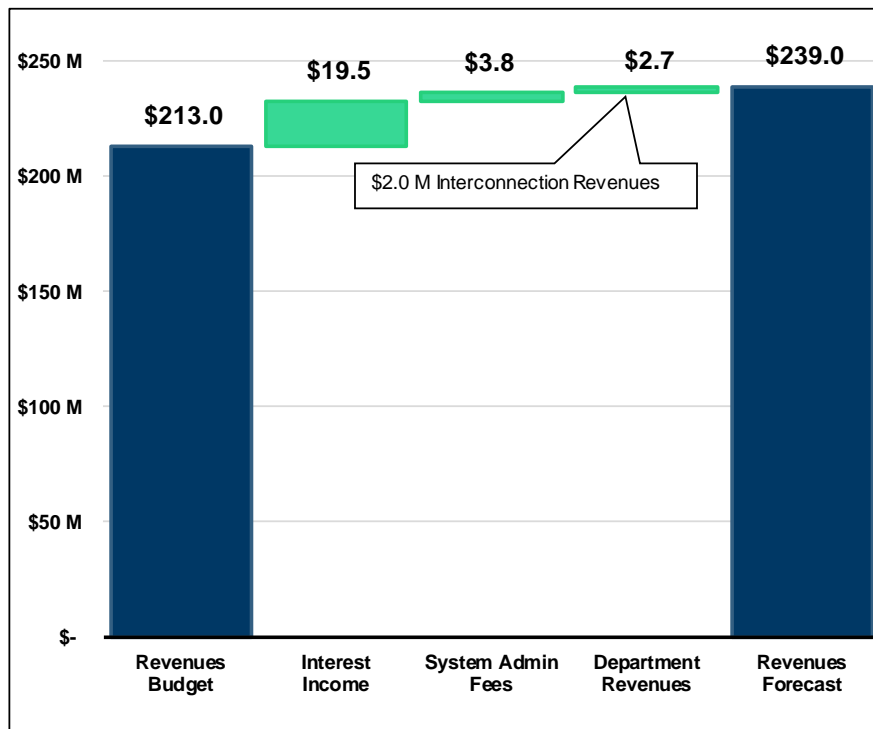
Board of Directors Meeting

ERCOT Public
August 13, 2019

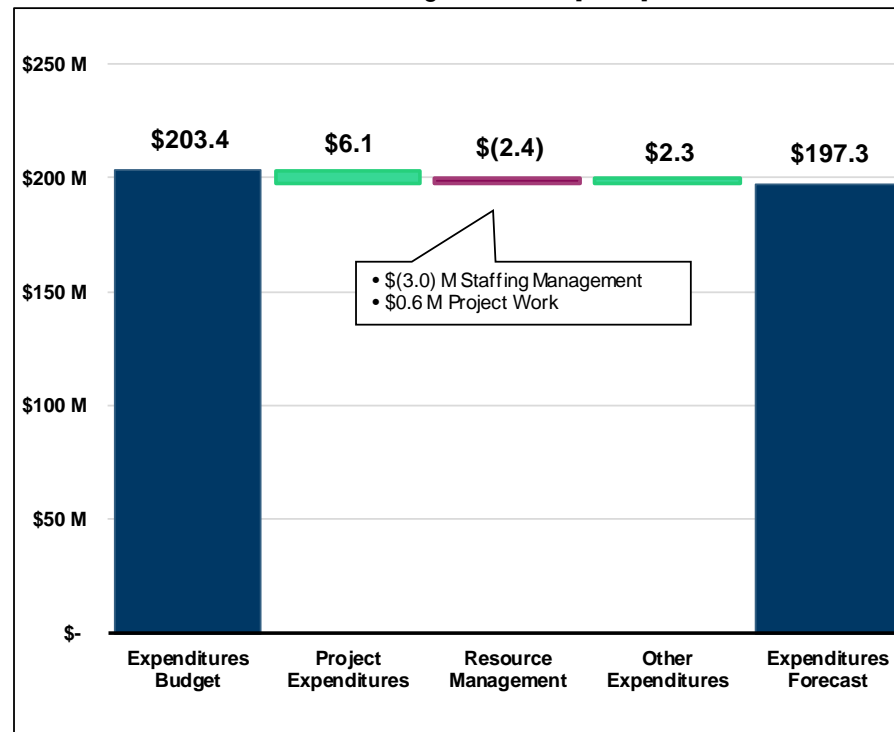
Review 2019 Financial Summary: 2019 Variance to Budget (\$ in Millions)

Net Available Year-End Forecast Variance to Budget = \$32.0 M

Revenues Year-End Forecast
Variance to Budget = \$26.0 M [12.2%]



Expenditures Year-End Forecast
Variance to Budget = \$6.0 M [2.9%]



Charts may not foot due to rounding.

Major Projects Update

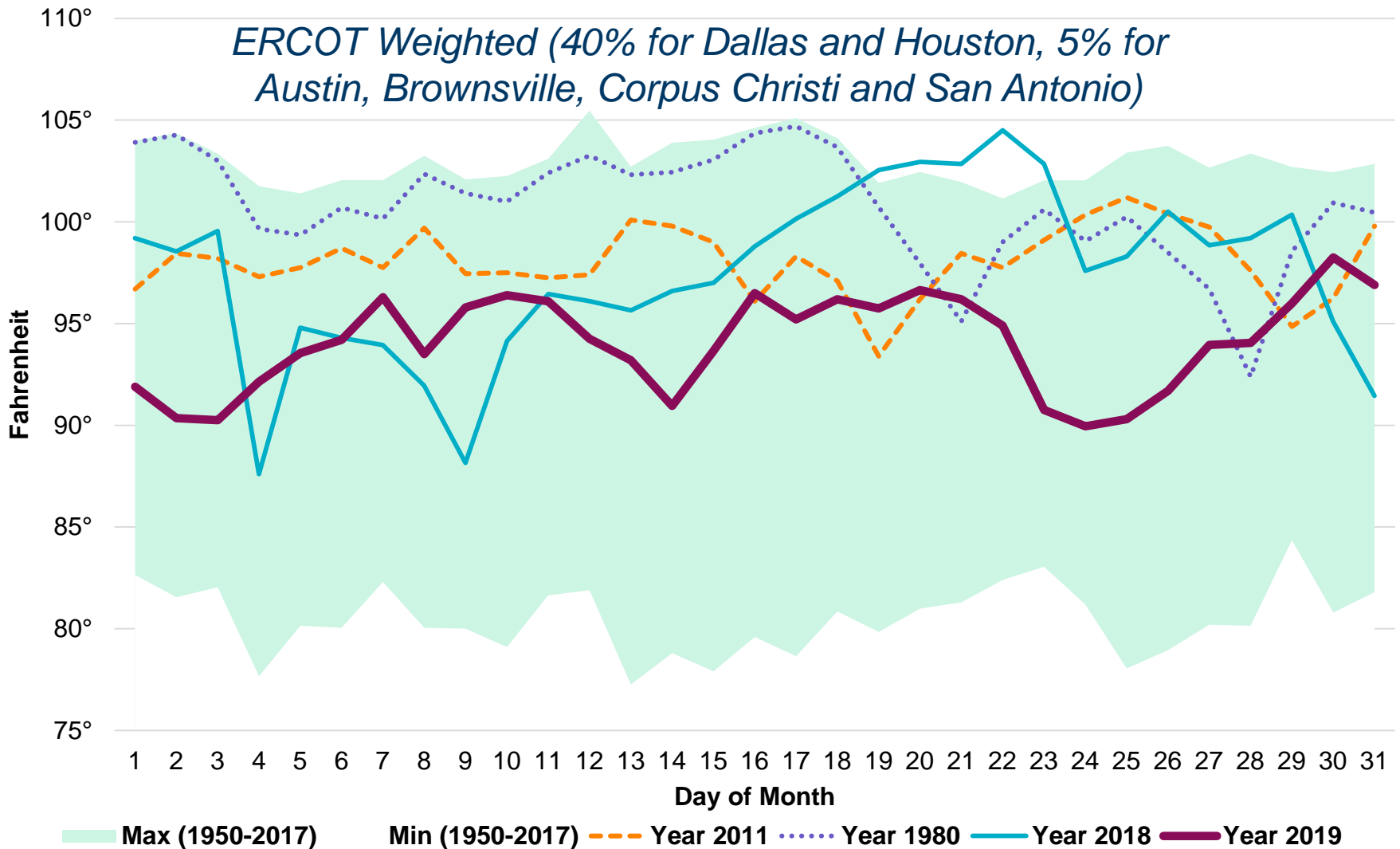
Project	Trend	Active Work
Identity & Access Management (IAM)	<ul style="list-style-type: none"> The system was deployed, and the key business value of IAM has been achieved. Focus is shifting to planned remaining work and automation enhancements. 	<ul style="list-style-type: none"> Support for NERC access certification campaign through new system Delivering additional reports and UI enhancements Automation enhancements Onboarding and transition to FTEs for ongoing operations and support
RIOO – Resource Asset Registration Form Replacement (RARF)	<ul style="list-style-type: none"> RARF replacement targets: <ul style="list-style-type: none"> Q4 2019 market testing & training for capability to view/update resource registration data April/March 2020 go-live for view/update 2020 capability to create a new resource registration data 	<ul style="list-style-type: none"> Application development in connection with database Data analysis and synchronization from current database to new database Ongoing market engagement through the Resource Integration Workshops
Retail Portfolio Refresh	<ul style="list-style-type: none"> EDI Map & Translator Replacement trending towards planned market testing period to start late Q2/early Q3 of 2020 Remaining projects and target start year: <ul style="list-style-type: none"> Retail registration system upgrade (2019/2020) 	<ul style="list-style-type: none"> EDI Map & Translator Replacement: business rule creation and validation, test environment preparation, determining verification and go-live strategy NAESB Application Tech Refresh project started in July. Project planning to align with market testing period with EDI project. Ongoing updates to Retail Market Subcommittee and coordination as necessary
Market Management System / Outage Scheduler Upgrade (MMS/OS)	<ul style="list-style-type: none"> In planning; targeting go-live in late 2020/early 2021 	<ul style="list-style-type: none"> Defining architecture and technical requirements Coordination with DC4 project addressing hardware refresh at vendor site Coordination with RTC planning team
Data Center Refresh (DC4)	<ul style="list-style-type: none"> Trending within overall budget and for final project go-live to occur by year-end 	<ul style="list-style-type: none"> Remaining 3 of 12 DC4 projects address: telecom VoIP, MV-90 communications, and hardware located at vendor sites

Summer 2019: June and July

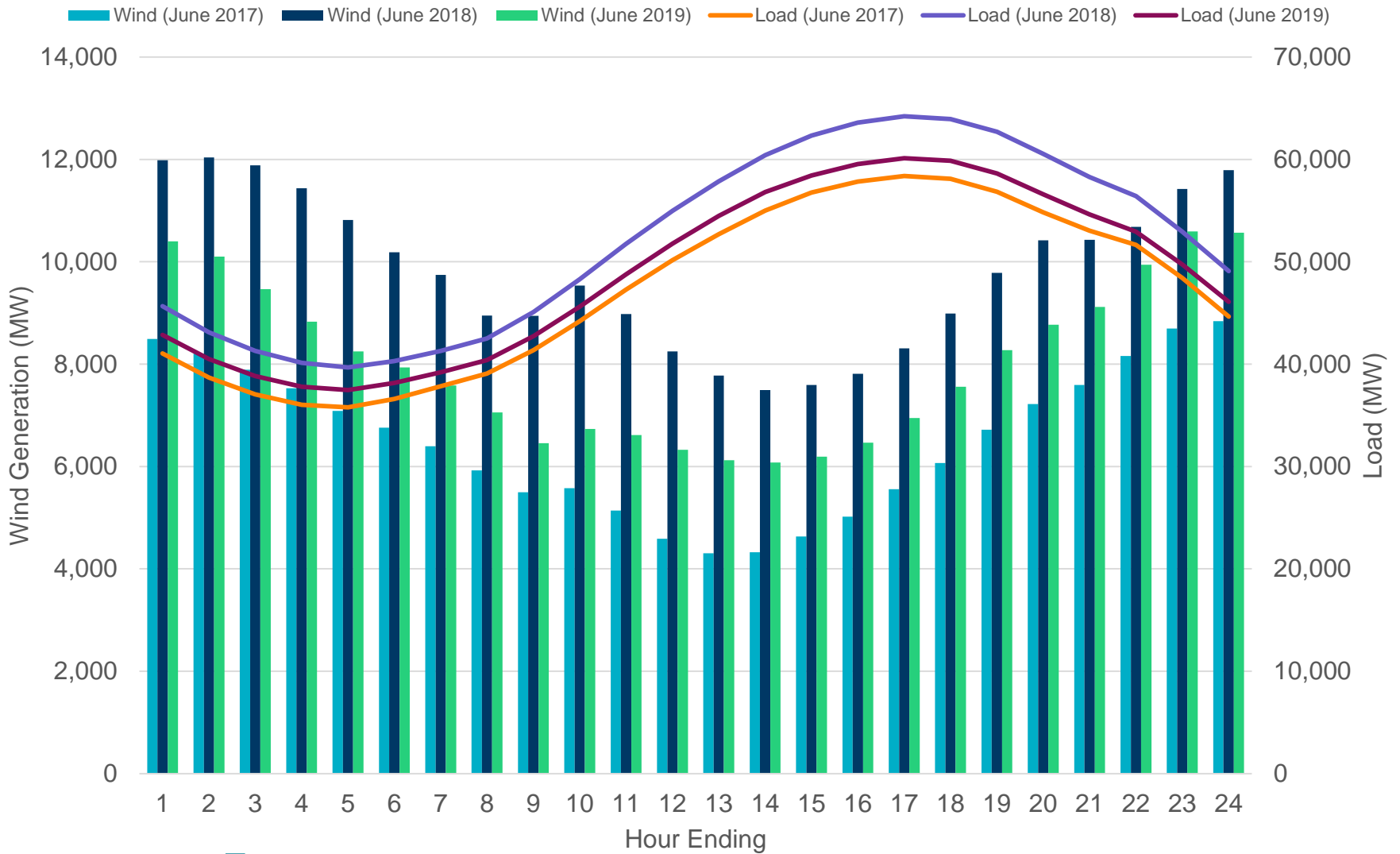
- Energy use in ERCOT is down 1% in 2019 compared to 2018
 - Energy use in May was 5% lower
 - Energy use in June was nearly 6% lower
- First 6 months of 2019 was the coolest period since 2015
 - June 2019 was the coolest and wettest June since 2007
 - Mostly mid-high 90s in Houston and Dallas
 - July 2019 was one of the driest



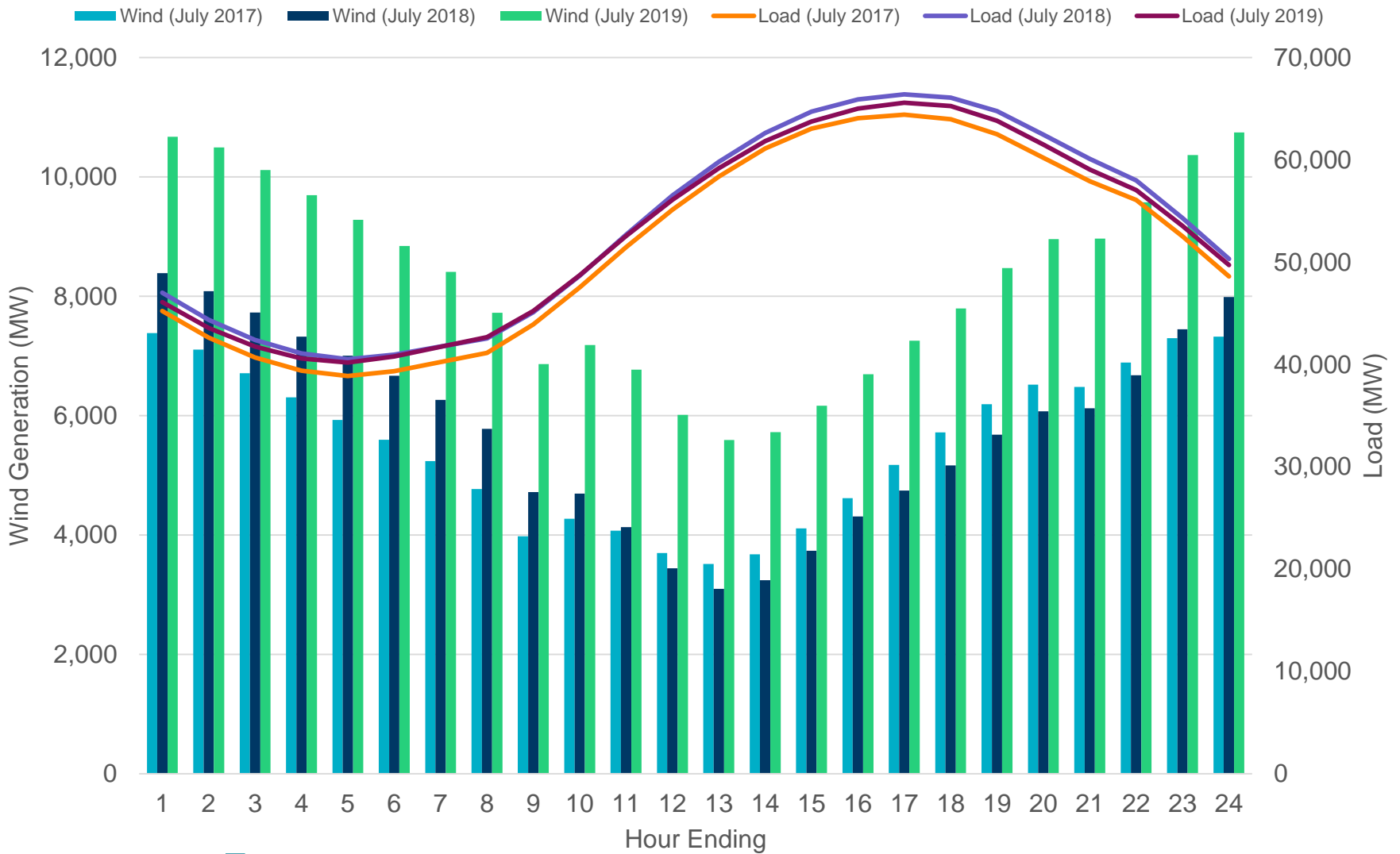
Maximum Daily Temperatures Steady in July



June Wind Output – 2017-2019



July Wind Output – 2017-2019



Summer 2019: August (as of Aug. 6)

- In early August, the ERCOT region experienced sustained high temperatures and high loads.
- Second half of summer is forecasted to be warmer than the first half
 - Forecasted peak demand as reported in the final summer SARA is 74,853 MW
- Less wind expected in August, compared to June and July
 - Temperature differences between parts of Texas will diminish
- Hurricane season off to slow start
 - As of Aug. 5, only two named storms
 - Likely to have fewer tropical storms and hurricanes than the average year

Focus On: Engineer Development Program (EDP)

Mission: To provide ERCOT with entry-level engineers who are equipped with the fundamental skills needed to be successful Power Engineers in Operations, Planning, Grid Coordination and Market Operations.

12-16 month program designed to meet three objectives:

- Develop fundamental skills
- Foster an understanding of the roles performed by each ERCOT engineering group
- Provide support for Network Modeling teams

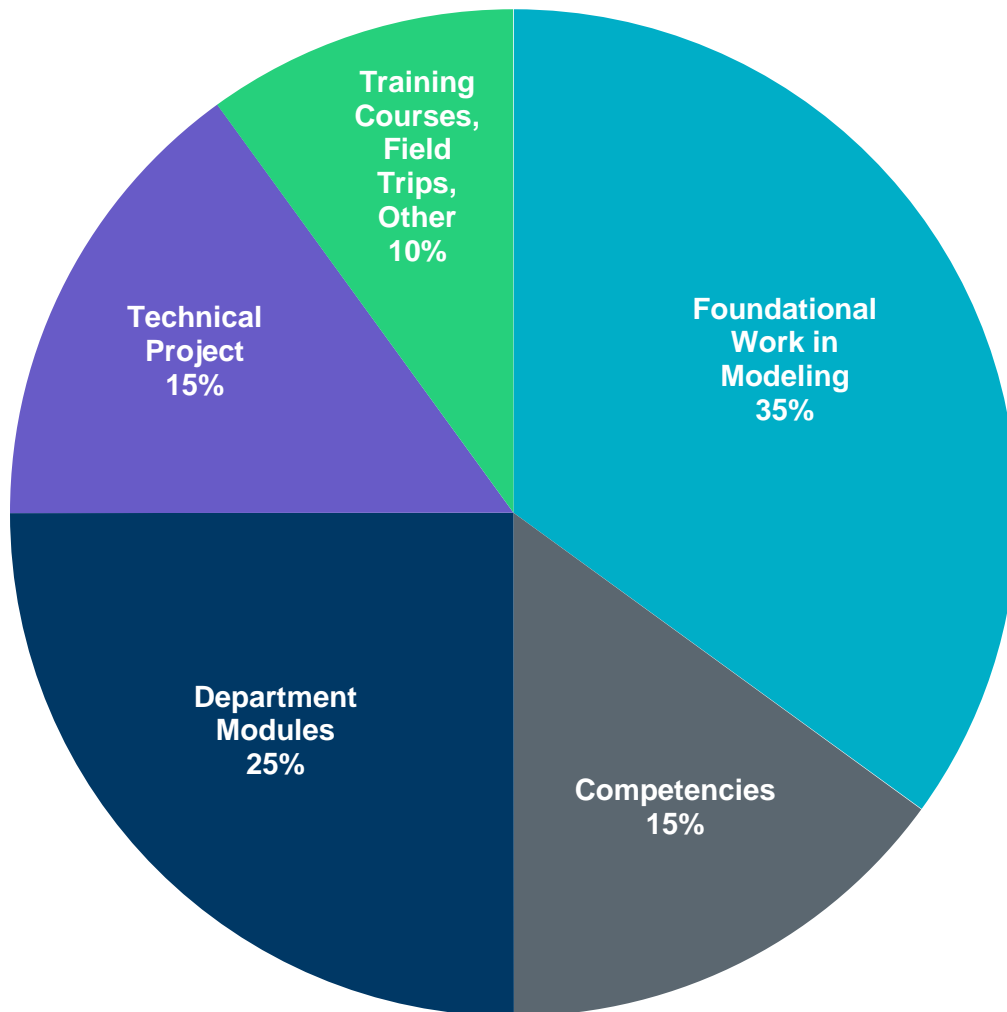
Visit the new EDP website for additional program information:

<http://www.ercot.com/careers/edp>



EDP alumni

EDP Division of Time While in the Program



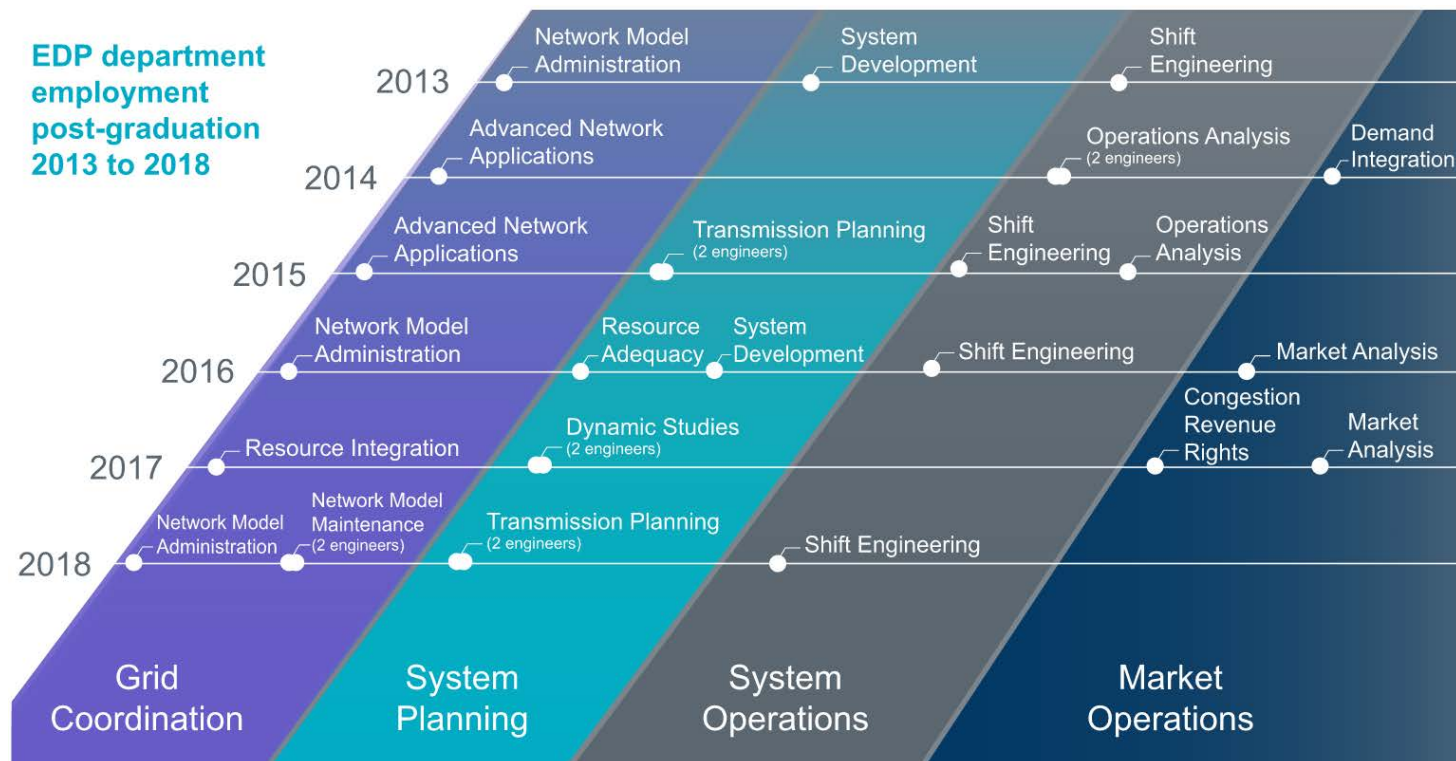
Competencies – Core skills that must be mastered prior to graduating from EDP

Department Modules – Extended visits to ERCOT engineering groups

Technical Project – Chosen by the EDP engineer in an area of interest and lasts several months

After the Program: Placements in the Organization

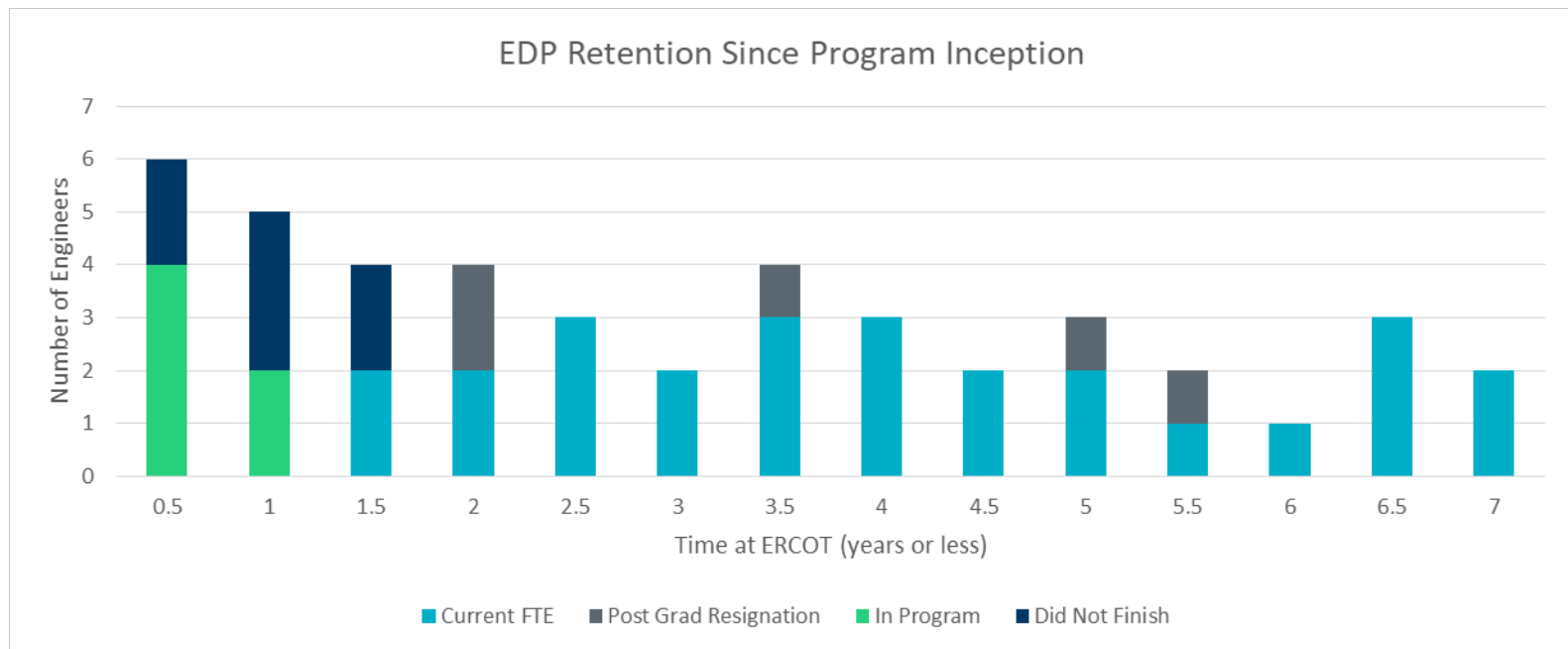
- Each EDP graduate is placed as a permanent member of an ERCOT engineering team.
- Graduates have consistently offered greater value than external entry-level hires.
- First EDP graduates are now gaining seniority and moving into leadership roles.



EDP Engineer Retention

- **Program started in 2012**

- EDP engineers have come from 21 schools across 11 states and Canada
- 31 total graduates as of July 2019
- 26 engineers still at ERCOT (84% retention rate)
- Average EDP graduate has been at ERCOT for 3.8 years



EDP Leadership & Support

- **Director of Grid Coordination (Bill Blevins)**
 - Provides oversight and strategic direction for program
- **EDP Supervisor (Agee Springer)**
 - Directly supervises and mentors EDP Engineers
 - Works with SMEs to develop and align curriculum with current ERCOT responsibilities
 - Recruits and hires new engineers into the program
 - Four employees have served as EDP Supervisor since inception of the program
- **ERCOT Subject Matter Experts**
 - 64 ERCOT managers, supervisors, and engineers are involved in mentoring and training EDP Engineers
 - Work with EDP Engineers to develop key skills and transfer knowledge and experience

