



## **Item 4.1: CEO Update**

*Bill Magness*

President & Chief Executive Officer  
ERCOT

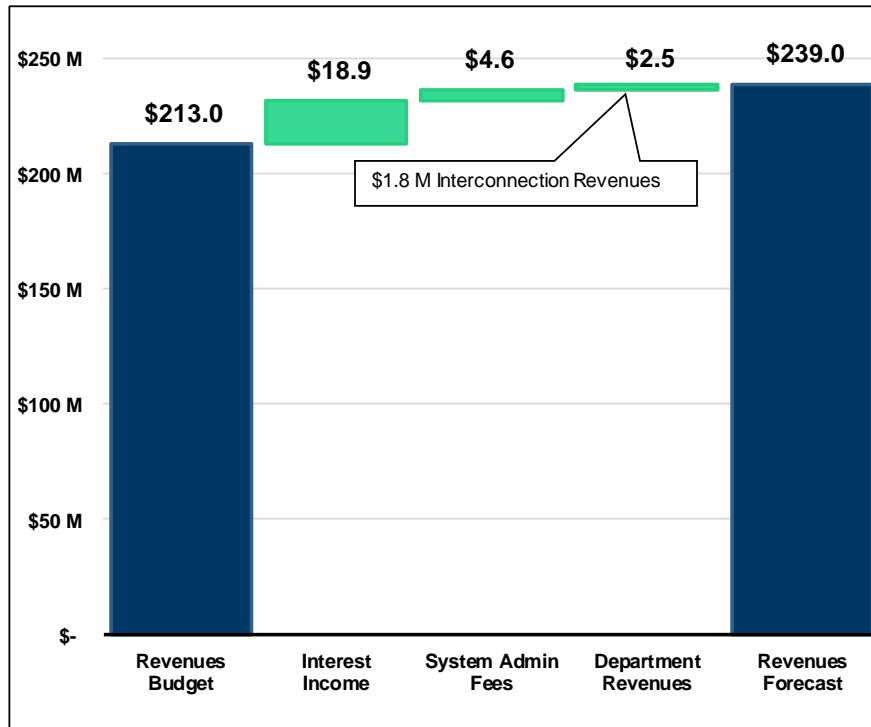
Board of Directors Meeting

ERCOT Public  
October 8, 2019

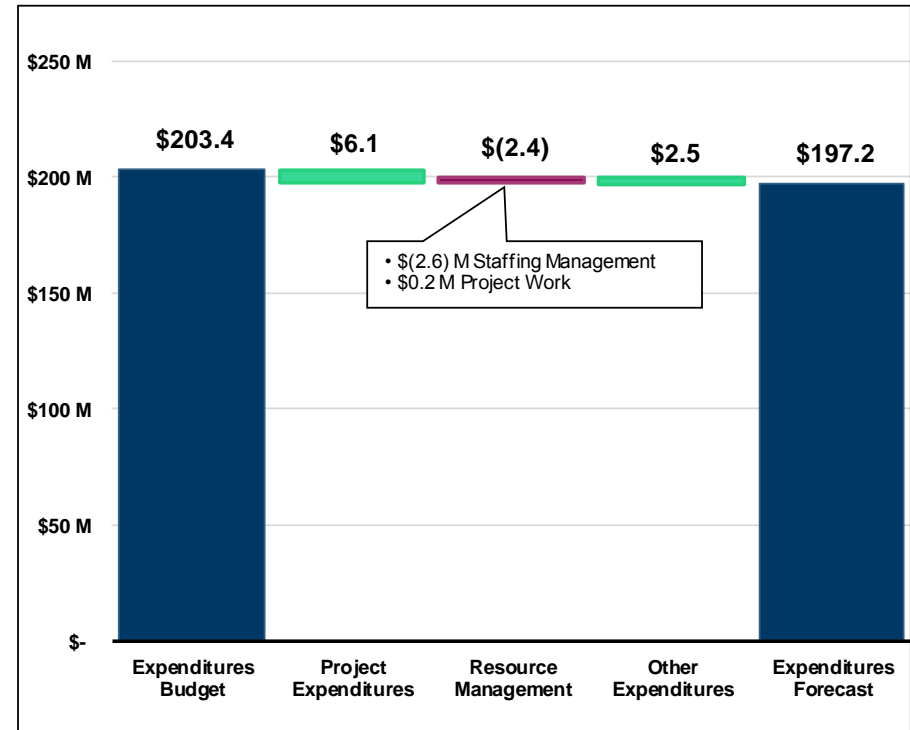
# Review 2019 Financial Summary: 2019 Variance to Budget (\$ in Millions)

**Net Available Year-End Forecast Variance to Budget = \$32.2 M**

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



Expenditures Year-End Forecast  
Variance to Budget = \$6.2 M [3.0%]



Charts may not foot due to rounding.



# Major Projects Update

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

# Analysis of Summer 2019: Key Dates



**Friday, Oct. 4 –**

ERCOT to file comprehensive summer analysis with PUC



**Friday, Oct. 11 –**

PUC post-summer review workshop



**Tuesday, Nov. 5 –**

PUC Chair DeAnn T. Walker and ERCOT CEO Bill Magness to present at NERC Board of Trustees meeting

# ERCOT Segment Meetings

- Thanks to everyone who attended ERCOT's market segment meetings and provided feedback on ERCOT's plans moving forward.
  - 11 Board segment sessions
  - Nearly 90 participants
- Summary of stakeholder feedback:
  - Summer 2019
    - Operations, communications, and credit performed well
    - Review the time periods for future summer outage limitations
    - Demand response analysis is highly anticipated
    - Need to consider impact of different timing of peak load and highest net load
  - Structure for Real Time Co-optimization effort is working well; there is support for same type of structure to facilitate Energy Storage discussions
  - Importance of grid resiliency through transmission planning timelines and ability to take necessary outages
  - As ERCOT considers future meeting facilities, proximity to the Austin airport, nearby expressways, and parking availability should be considered

# ERCOT Segment Meetings

## CEO Key Takeaways

- To best address technology issues, ERCOT staff should identify and collaborate – early and frequently – with those who use our information resources.
- Develop opportunities for focused discussions on emerging issues.
- ERCOT must ensure efficient processes are in place for plant upgrades and repowering efforts by generators.



# Real-Time Co-optimization (RTC) Project Update

- Phase 1: Real-Time Co-optimization Task Force (RTCTF) continues meetings to establish “Key Principles” for RTC
  - TAC has adopted 3 rounds of RTC Key Principles
  - Target is to complete TAC endorsement of all Key Principles in January 2020 for Board approval in February 2020
- Phase 2: In 2020, ERCOT will submit Revision Requests and Impact Analysis into normal stakeholder process based on Key Principles
  - RTCTF meetings from April-November 2020 will focus on Revision Requests and serve as a forum for vetting comments
  - Target is to complete PRS/TAC approval in November 2020 for Board approval in December 2020

# Battery Energy Storage Task Force (BESTF)

- Operations Planning Manager Sandip Sharma will lead ERCOT's Battery Energy Storage Task Force (BESTF).
- Work spans across many ERCOT groups:
  - Market Operations, System Operations, Grid Coordination, System Planning, Enterprise Architecture, Settlement, Market Rules, Strategy and Support, and EMS Production & Development
- On Sept. 25, TAC approved the BESTF to centralize discussions about Energy Storage.
  - Key areas of focus:
    - Accurately account for Energy Storage in network models and planning and operations studies
    - Ensure participants using Energy Storage have access to ERCOT's energy markets





# New Distribution Generation Resource (DGR) Policy

- DGRs raise unique operational issues at the distribution level that have not yet been fully addressed under ERCOT rules. Revision Requests are being developed to address these gaps in DGR integration.
- On Sept. 26, ERCOT issued a Market Notice establishing provisional conditions for DGR operation, including:
  - Appropriate Distribution Service Provider studies and coordination required to address system limitations of DGR
  - DGR is not part of any DSP manual Load Shed scheme
- Until rules are fully developed, limit DGR participation to developers who have made substantial capital investments in their projects or who intend to use an existing distribution-level generator as a DGR.

# Excellent Performance by Grid Operators

- Thanks to the ERCOT grid operators who led us through a record-setting peak and two Energy Emergency Alerts on Aug. 13 and 15.
- Thanks to all of the support staff who continually provide the tools needed to successfully manage the grid.



## Aug. 13 System Operators:

From left to right, Marshall Curry, Debra Gomez, Brad Dusenberry, Jonathan Grotefendt, Frank Rojas, Jarod Sheets, Wes Watkins and Don Hill. (Not pictured: Supervisor on duty the day of event, Ed Self)



## Aug. 15 System Operators:

From left to right, Chris Azeredo, Tom Turner, Wes Ferrell, Bryan Luker, Jim Yeager, Zane Robison, Amber Dawn and Ariel Jackson.