



## **Item 7: Chief Executive Officer (CEO) Update**

*Brad Jones*

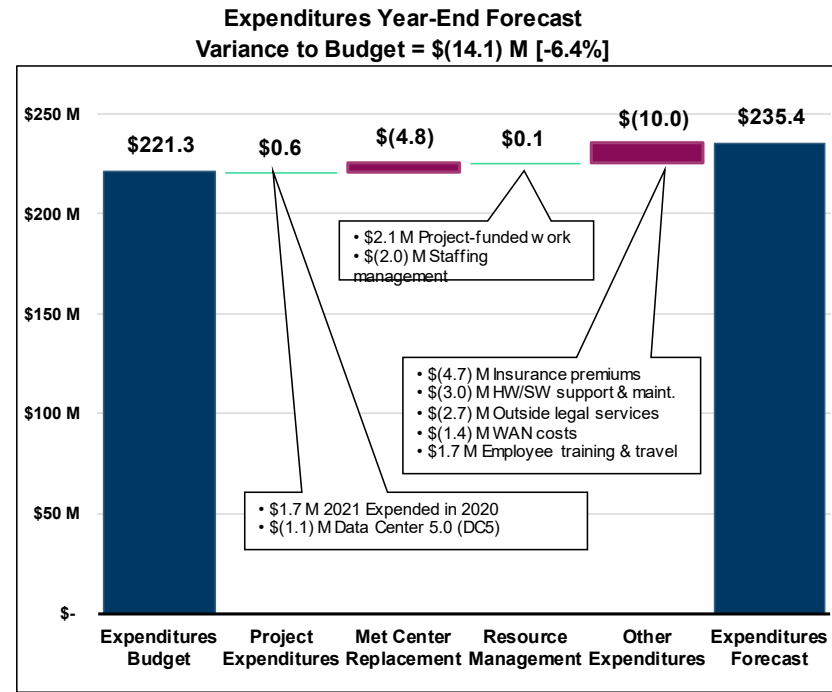
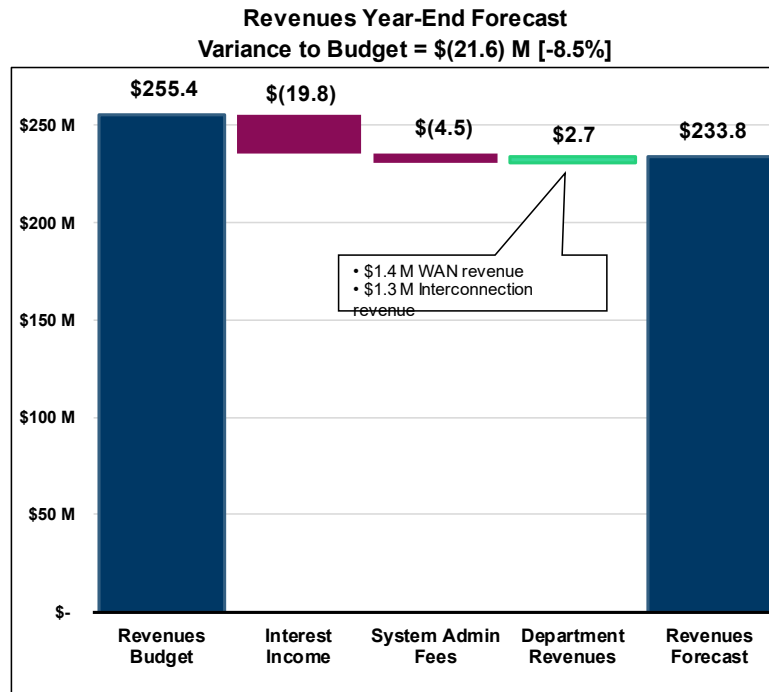
Interim President & Chief Executive Officer  
ERCOT

Urgent Board of Directors Meeting

ERCOT Public  
June 7-8, 2021

# Review 2021 Financial Summary: 2021 Variance to Budget (\$ in Millions)

**Net Available Year-End Forecast Variance to Budget = \$(35.7) M**



Charts may not foot due to rounding



# Major Project Updates

## OKR: Deliver defined stages of the Passport Program (Pre-Passport Projects)

### Fast Frequency Response (FFR) Advancement

- Go-Live Schedule: December 2021
- OKR Target: Go-live by March 2022 (trending)
- Execution begins in June; ongoing management of resource constraints

### Distribution Generation Resource / Distribution Energy Storage Resource (DGR/DESR) Implementation

- Go-Live Schedule: TBD, trending to go-live no later than Q1 2022
- OKR Target: Go-live in December 2021 (not trending)
- Planning phase activity is behind per the original schedule; scheduled to complete in June
- Schedule highly coordinated with FFR Advancement due to system and resource dependencies

### Battery Energy Storage (BES) Combo Model Implementation

- OKR Target: Complete the planning phase in March 2021 (not trending)
- Planning phase activity is behind per the original schedule; re-plan decisions to be made in June

## OKR: Complete market-facing initiatives advancing reliable operations, market systems and data transparency

### Resource Integration & Ongoing Operations (RIOO)

- RIOO in use for view/update of existing registration data for large Generation Resources
- OKR Target: Complete RIOO system to retire RARF in December 2021 (not trending)
  - Q4 2021: Create new registration data for new large Generation Resources and create/view/update registration for small Generation Resources (< 10 MW / DGR / TGR)
  - Q1 2022: Create/view/update registration for SODG Resources
  - Q2 2022: Create/view/update registration data for Load Resources

### Enterprise Content Management System (ECMS)

- New Management Information System (MIS) in use
- OKR Target: Fully combined new MIS/ERCOT.com website in November 2021 (trending)
  - First release in May 2021 (delivered)
  - Second release in November 2021

# 2021 R3 Release Summary

R3 Release Dates: – May 25-27, 2021

- 84 Change Requests across the application areas
- 2021 May Release – R3 – May 25-27, 2021
  - NPRR 974 – Capacity Insufficiency Operating Condition Notice (OCN) Transparency
  - NPRR 978(c) – Alignment with Amendments to PUCT Substantive Rule 25.505
  - NPRR 1048 – Clarification on NPRR 978 Short-Term Adequacy Reports
  - NPRR 1051 – Removal of the Price Floor Applied to Day-Ahead Settlement Point Prices
  - SCR 811 – Addition of Intra-Hour PhotoVoltaic Power Forecast to GTBD Calculation
- R3 impacted functional areas
  - Access & Identity Management, Business Intelligence & Analytics, Content Management, Change & Configuration Management, Data and Information Products, Data Management & Governance, Energy Management System, Market Management System, Market Settlements, Web Communication, Enterprise Integration Retail Services, Enterprise Integration Corp Services, Enterprise Integration MDT Services



# Organizational Changes

- ERCOT Senior VP & Chief Administrative Officer **Jeyant Tamby** will continue his existing role and also serve as Chief of Staff to Interim President and CEO Brad Jones.
- **Kristi Hobbs** has been promoted to VP of Corporate Strategy and PUC Relations. In this new role, she will oversee:
  - Enterprise Risk Management, strategic analysis, project and portfolio management and business continuity planning
  - Market rules development and stakeholder process
  - Collaboration between ERCOT and PUC to enhance grid and energy market

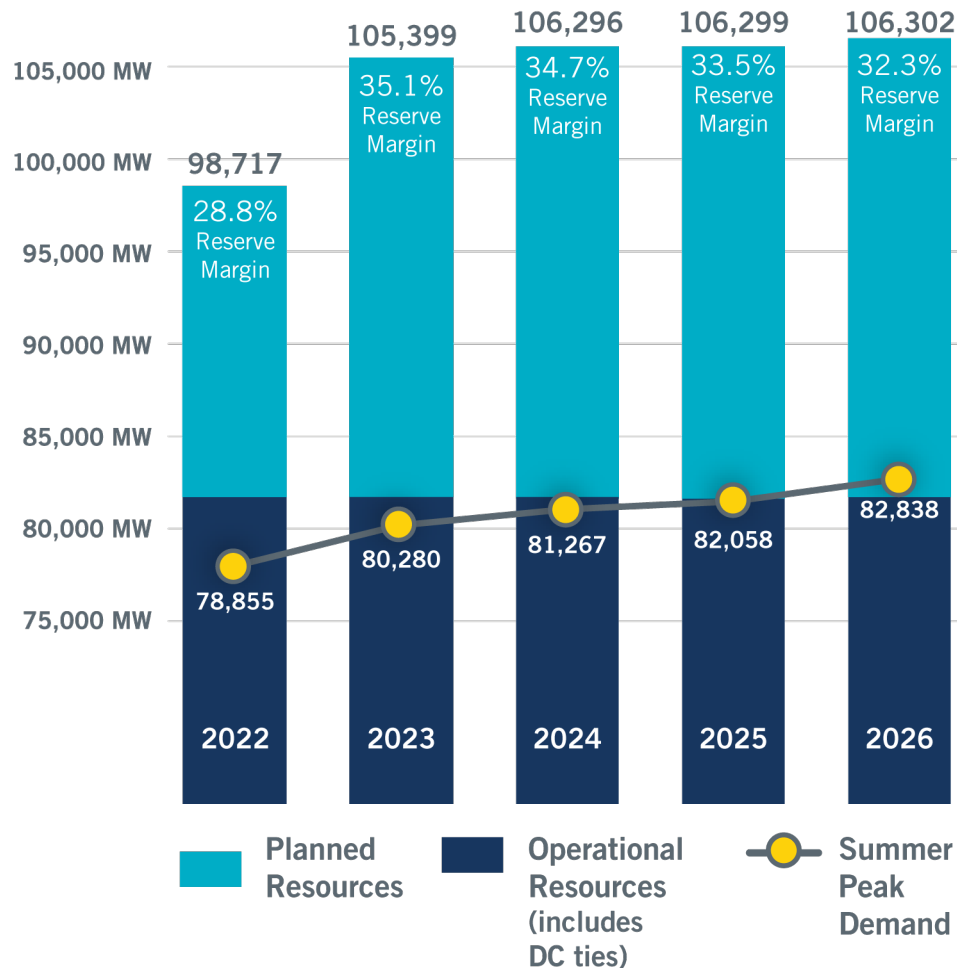


## Work Policy Update

- ERCOT has announced a new flexible work policy that will enhance recruiting and retention efforts.
  - Employees who are required to be on-site to perform their duties will continue to report to ERCOT campuses
  - All other employees will have the option to work on-site, remote, or in a hybrid model
  - Employees may work from anywhere within the state of Texas
  - Management will have the ability to request staff on-site as needed to maintain inter and intradepartmental collaboration
  - New policy expected to be available in July; timing of rollout is TBD

# May 2021 Capacity, Demand and Reserves (CDR) Report

- Reserve margin for summer 2021 is 15.7%.
- Planning reserve margin for summer 2022 is 28.8 percent, up 1.5 percentage points relative to what was reported in the December CDR.
- While a higher reserve margin does reduce the risk of needing to declare emergency conditions, it does not eliminate that risk. A combination of factors during real-time operations can still result in tight conditions.
- ERCOT continues to see new generation resources being added to the region, including a significant amount of utility-scale solar resources.
  - Utility-scale solar and battery storage projects make up 80% of interconnection queue



# Summer 2021 Seasonal Assessment of Resource Adequacy (SARA)

	Forecasted Season Peak Load <sup>1</sup>	Forecasted Season Peak Load / High Generation Outages <sup>2</sup>	High Peak Load <sup>3</sup> / Typical Generation Outages	Forecasted Season Peak Load / Low Wind Output <sup>4</sup>
Total Resources	86,862 MW			
Peak Load	77,144	77,144	80,078	77,144
Unavailable Capacity	3,642	6,243	3,642	10,219
Capacity Available for Operating Reserves	6,076	3,475	3,142	(500)

<sup>1</sup> Based on normal weather from 2005 - 2019

<sup>2</sup> Based on typical generation outages (average historical planned and forced outages during peak hours for June-September weekdays, starting in 2018), plus additional forced outages at 95<sup>th</sup> percentile

<sup>3</sup> Based on 2011 summer weather

<sup>4</sup> Based on 5<sup>th</sup> percentile of wind output during 100 highest Net Load hours for the 2016-2020 summer seasons (1,989 MW)





# New Extreme Scenarios for Summer 2021 SARA

- The 2021 summer SARA includes three extreme reserve capacity risk scenarios to increase transparency of potential grid conditions.
  - Represent low probability, high-impact events.
  - Designed to proactively communicate more severe potential operating conditions.
- New scenarios developed by:
  - Combining risk factors included in the primary scenarios: low wind, high generation outages, high demand.
  - Adding new potential conditions: low solar output, extreme generation outages, extreme system-wide heat wave.
- Controlled outages would be needed in each extreme scenario to maintain grid reliability.

# Pre-Summer Preparations – Operational

## Existing pre-summer operational activities

- Implement summer outage restrictions for transmission outages (with added improvements for summer 2021)
- Perform testing for Emergency Response Service and Load Resources
- Perform unannounced resource testing to validate High Sustained Limit
- Review gas pipeline outage attestations
- Provide Energy Emergency Alert training for all ERCOT Operators and Shift Engineers
- Real Time Operations Subcommittee (NERC) meeting with other ISOs

# Pre-Summer Preparations – Operational Cont.

## **New operational activities for summer 2021**

- Perform on-site summer checks and verify weatherization plans for selected generation units
- Implement System Change Request 811 to add short-term solar forecast, which provides better data for dispatching generation to address solar ramps
- Launch initiative to identify periods when forecasts have high variability

## **New initiatives resulting from lessons learned during winter event**

- Develop NPRR for Outage Scheduler changes that would require generators to report all forced outages and automatically release outage information if there is a grid emergency
- Develop NPRR for telemetry and Physical Responsive Capability (PRC) changes to increase frequency of Current Operating Plan (COP) updates
- Revise Advanced Action Notice (AAN) process to continuously run planning assessments needed to bring resources back online in anticipation of tight grid conditions
- Launch initiative to review load shed procedures and timing

# Pre-Summer Preparations - Communications

## Existing pre-summer communications activities

- Host virtual pre-summer communications meeting with Public Utility Commission (PUC) and Market Participants and distribute summer 2021 communications manual
- Verify TCEQ contact information for enforcement discretion and updates
- Perform biannual test of Emergency Notification System to public communication channels
- Perform annual capacity test of ERCOT systems to ensure website can accommodate high traffic
- Update mobile app for compatibility with latest devices and software

## New communications activities for summer 2021

- Enhanced coordination and alignment with PUC and Texas Division of Emergency Management
- Rewrite external communications materials to eliminate industry jargon; deploy new website dashboards in mid-June
- Identify new processes to keep market participant communicators informed during a grid event
- Create dashboards and process for responding to and documenting Public Information Requests
- Move ListServ in-house for better control and oversight



# Pre-Summer Preparations – Finance & Administrative

## **New financial activity for summer 2021**

- Create dashboards to more effectively monitor and report on collateral trends, including Total Potential Exposure and excess collateral

## **New administrative activity for summer 2021**

- Waive COVID restrictions to allow increased on-site staffing during expected tight conditions
- Plan and perform test to bring staff into the office; confirm work stations are functional

# Texas Municipal Officers ERCOT Advisory Board

- A Texas Municipal Officers ERCOT Advisory Board has been established to increase dialogue between ERCOT and cities for the benefit of Texas residents.
  - Officers elected from 15 statewide, representative regions of the Texas Municipal League.
  - Texas Municipal League is comprised of almost 1,200 member cities in Texas and more than 16,000 mayors, city managers and other city officials.
- Board will meet with ERCOT executives for educational purposes and to exchange ideas on how to improve communication and outreach efforts for emergency preparedness.
- First meeting scheduled for June 2021; future meetings expected to occur on a semi-annual basis or as needed.

# Lubbock Power & Light Integration into ERCOT

- ERCOT, in coordination with Lubbock Power & Light (LP&L) and Oncor, successfully transitioned 70 percent of LP&L customers from the Southwest Power Pool into the ERCOT region
  - Represents 470 MW of customer demand during peak hours
  - Largest single transfer of customers in ERCOT's history
- Project required Oncor to construct multiple switching stations and several new 345-kV and 115-kV transmission lines that connect Lubbock to the ERCOT system towards the north, the south and the east.
  - New lines increase available transmission capacity for generation resources in the Panhandle region
- Three LP&L-owned gas-fired resources totaling 120 MW incorporated into ERCOT as part of the transition
- Regulatory documents and communications related to the LP&L transition are located in [PUC Project No. 47576](#) and [PUC Project No. 48113](#)



# 100-Day STRATEGIC PLAN

Cooperate and communicate thoughtfully and purposefully through multiple channels.

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Return to stability and restore trust and confidence in ERCOT.

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Evaluate technical process within ERCOT and then innovate through dialogue, technical leadership, engagement and expertise.

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