



## **Item 5: CEO Update**

*Brad Jones*

ERCOT Interim President & Chief Executive Officer

Special Board of Directors Meeting

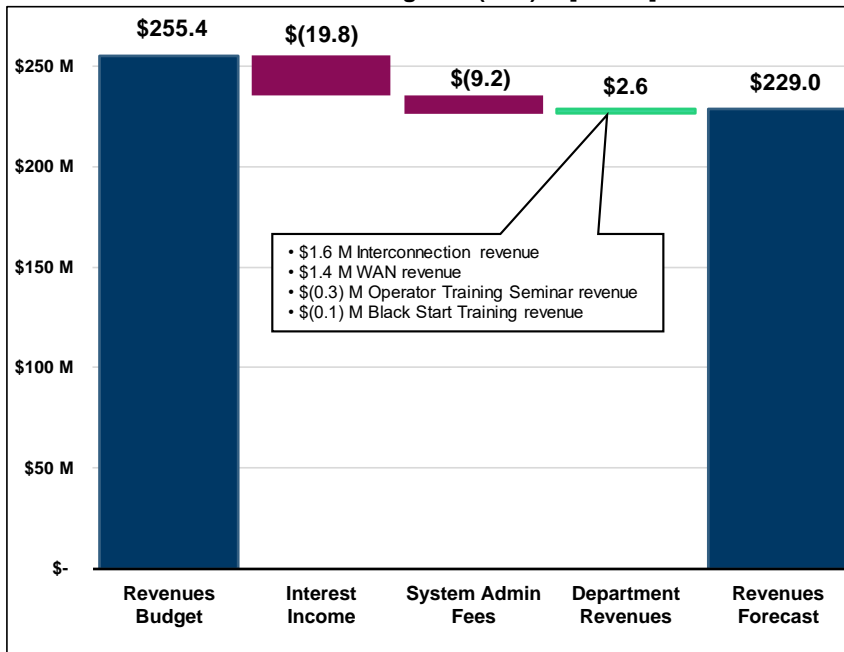
ERCOT Public

October 22, 2021

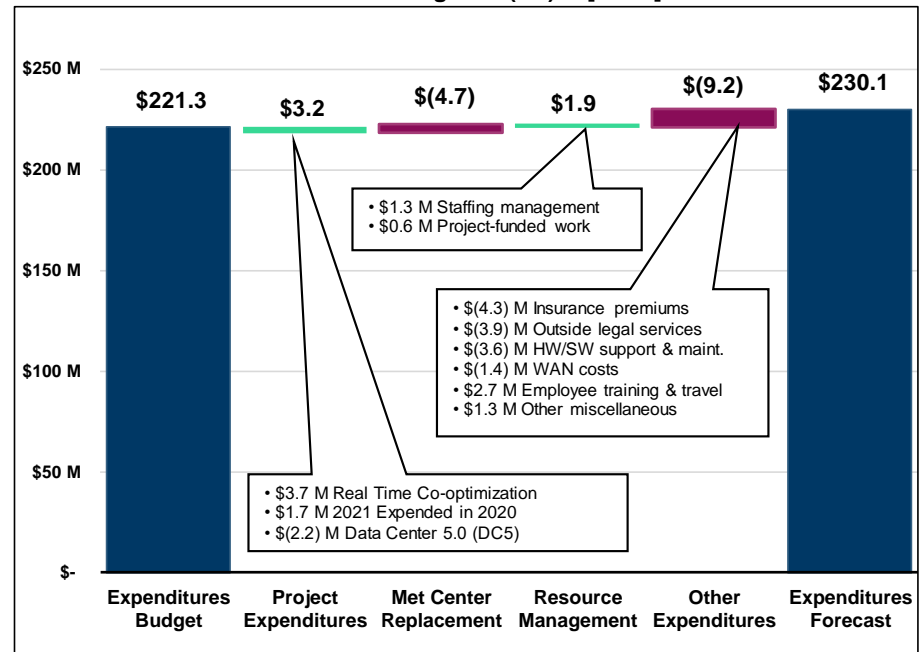
# Review 2021 Financial Summary: 2021 Variance to Budget (\$ in Millions)

**Net Available Year-End Forecast Variance to Budget = \$(35.2) M**

**Revenues Year-End Forecast**  
Variance to Budget = \$(26.4) M [-10.3%]



**Expenditures Year-End Forecast**  
Variance to Budget = \$(8.8) M [-4.0%]



Charts may not foot due to rounding



# Major Project Updates

## OKR: Improve Grid Reliability

### Fast Frequency Response (FFR) Advancement

- Go-Live Schedule: December 2021
- OKR Target: Go-live by March 2022 (trending)

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

- Go-Live Schedule: Feb 2022 (Release 1)
- OKR Target: Go-live by March 2022 (trending)
- Schedule highly coordinated with FFR Advancement due to system and resource dependencies

## 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 components to retire the RARF by May 2022 (not trending, delivery milestones are at risk due to loss of critical resources)
  - December 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) website in use since 2020
- New ERCOT.com landing page and additional website improvements delivered in June and July
- OKR Target: Transition ERCOT.com to a stable, supported platform with enhanced user experience by November 2021 (not trending)
  - First release in May 2021 (delivered)
  - Second release in November 2021 - partial scope only (due to new June/July releases)
  - Additional releases – to be planned for remaining scope (due to new June/July releases)



# Securitization Update (House Bill 4492)

On October 13, 2021, the Commission issued Debt Obligation Orders for Subchapters M (Maine) and N (Nebraska) of PURA Chapter 39. Orders authorize financing mechanisms for ERCOT to help Market Participants pay charges over a longer period of time, alleviate liquidity issues, and reduce the risk of additional defaults related to Winter Storm Uri.

## Subchapter M – Debt Obligation Order

- Authorizes ERCOT to borrow up to \$800 million from the Texas Comptroller
- Approves assessment of default charges to QSEs and CRR Account Holders for 30 years
- Order located at: [http://interchange.puc.texas.gov/Documents/52321\\_214\\_1159471.PDF](http://interchange.puc.texas.gov/Documents/52321_214_1159471.PDF)

## Subchapter N – Debt Obligation Order

- Authorizes ERCOT to borrow up to \$2.1 billion, plus upfront costs, from the public or private markets
- Approves assessment of uplift charges to QSEs representing LSEs (who are not opted out) for 30 years
- Order located at: [http://interchange.puc.texas.gov/Documents/52322\\_312\\_1159396.PDF](http://interchange.puc.texas.gov/Documents/52322_312_1159396.PDF)

## Timeline to Close Financing Mechanisms

- Subchapter M – November 2021
- Subchapter N – Q1 2022

**ERCOT will present more implementation details at the October 26, 2021 TAC meeting.**



# ERCOT Pre-Winter Preparations

- ERCOT and the PUC are working aggressively to prepare for the winter months.
- Since Winter Storm Uri, ERCOT has been operating the grid with extreme caution and taking actions to increase operating reserves. These efforts will continue into the fall and winter months.
- ERCOT has proposed 22 rule changes (Nodal Protocol Revision Requests (NPRRs)) to improve operations and financial processes.
  - As of Sept. 29, nine of the rule changes have already been approved.
- ERCOT has and continues to serve as an information resource to the PUC as they work to implement a market redesign that includes more dispatchable generation and transmission.



# ERCOT Pre-Winter Preparations: Winterization Inspections

- The PUC is implementing reliability and weatherization standards to help ensure that generation and transmission is available for Texans this winter.
- As part of this process, ERCOT will use its full authority to inspect generating units and transmission facilities and report any non-compliance to the PUC.
  - Hired new Director of Weatherization & Inspections to lead effort
  - RFP issued for contractor who will perform inspections of generating units
  - ERCOT will inspect transmission facilities
- ERCOT plans to inspect up to 250 generating units that make up 85% of the MWh lost during Winter Storm Uri; many larger units will be inspected.
- Inspections will be completed in December.



## Other Major Efforts Underway to Improve Operations and Increase Accountability

- Proposed rule change to require more timely reporting of resource outages into Current Operating Plans.
- Proposed rule change to continue publishing unplanned outage data three days following each Operating Day.
- Proposed rule change to prevent critical load from participating in Emergency Response Service Program.
- Proposed rule change to require black start units to store on-site fuel.
- Gas-electric coordination efforts to identify critical infrastructure.

# ERCOT Launches Listening Tour

- ERCOT understands the importance of listening to business and government leaders on ways we can improve both our service and communications to Texans and the communities in which they live.
- ERCOT launched a Listening Tour to hear concerns, thoughts and ideas from representatives statewide.
  - ERCOT Interim President and CEO Brad Jones will personally visit dozens of communities across Texas to meet with business and community leaders to listen and learn from their experiences.
- On Oct. 6, ERCOT hosted a Market Participant Communicators Roundtable to solicit feedback on how to provide effective communications this winter.
  - ERCOT will support electric retailers in their communication efforts.





# Fall and Year-End Report Releases and Events

