



Item 7: CEO Update

Brad Jones

Interim President and Chief Executive Officer

Board of Directors Meeting

ERCOT Public

December 9-10, 2021

Recognition of New Board Members

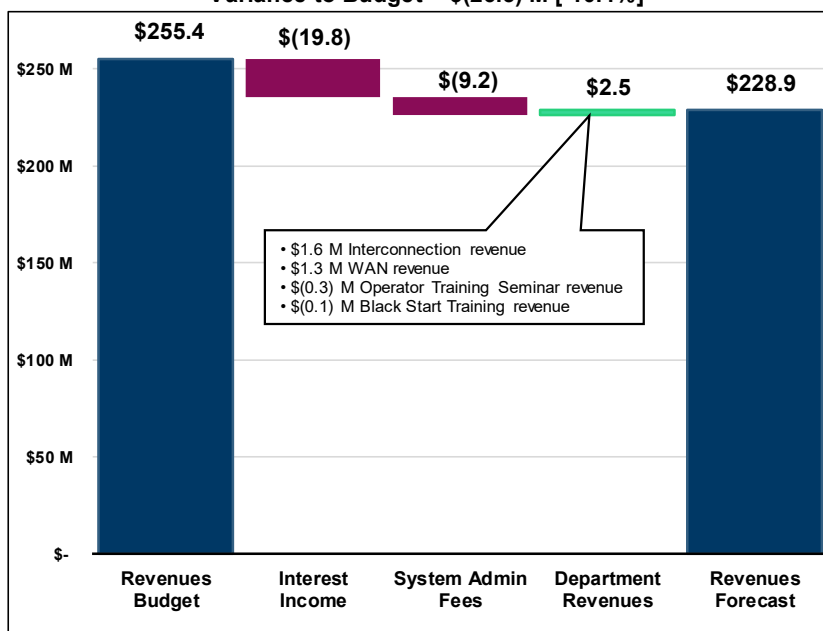
- Welcome *Vice Chairman Bill Flores, Zin Smati, John Swainson and Robert “Bob” Flexon* as directors of the ERCOT Board. The ERCOT Board Selection Committee named the new directors and designated Mr. Flores to serve as Vice Chair.
- They will join *Chairman Paul Foster and Dr. Carlos Aguilar* in guiding ERCOT affairs alongside the Chairman of the PUCT, the Public Counsel at the Office of Public Utility Counsel, and the CEO of ERCOT.



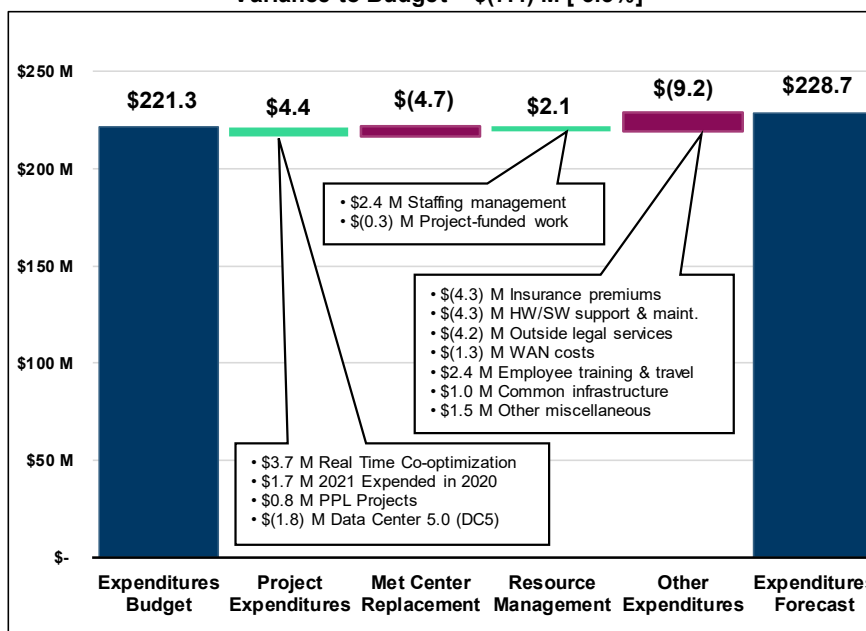
Review 2021 Financial Summary: 2021 Variance to Budget (\$ in Millions)

Net Available Year-End Forecast Variance to Budget = \$(33.9) M

Revenues Year-End Forecast
Variance to Budget = \$(26.5) M [-10.4%]



Expenditures Year-End Forecast
Variance to Budget = \$(7.4) M [-3.3%]



Charts may not foot due to rounding



Major Project Updates

OKR: Improve Grid Reliability.

Fast Frequency Response (FFR) Advancement

- Go-Live Schedule: TBD, but will deliver after DGR/DESR & Securitization-N
- OKR Target: Go-live by March 2022 (not trending)
- The planned December 2021 go-live was postponed to allow for market readiness activities

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

- Go-Live Schedule: February 2022 (trending)
- OKR Target: Go-live by March 2022 (trending)
- Plans adjusted to accommodate impact from postponement of FFR Advancement

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)
- Modified December 2021 Release (trending) - a small Generation Resources (< 10 MW / DGR / TGR) release that supports lifting the DGR Moratorium
- Remaining release dates to be reset for 2022 delivery:
 - Remainder of create/view/update for small Generation Resources (< 10 MW / DGR / TGR)
 - Create new registration for new large Generation Resources
 - Create/view/update registration for SODG Resources
 - Create/view/update registration data for Load Resources

Enterprise Content Management System (ECMS)

- New Market Information System (MIS) website in use since 2020
- OKR Target: Transition ERCOT.com to a stable, supported platform with enhanced user experience by November 2021 (not trending)
 - May 2021 release – Grid condition communications & dashboards (delivered)
 - Summer releases – New ERCOT.com landing page & dashboards (delivered)
 - November 2021 release - ERCOT.com transition to new platform (delivered)
 - Remaining functional improvements to ERCOT.com (TBD)

OKR: Implement improvements in technological capabilities and financial processes

Securitization – SubChapter N

- Go-Live Schedule: March 2022 (trending)
- Delivers system changes required for daily invoicing of the uplift financing repayment
- Highly coordinated with DGR/DESR due to environment management constraints



ERCOT Roadmap to Improving Grid Reliability Update

- 46 out of 60 points have been completed with most remaining items in progress.
- Stronger alignment and coordination with government agencies and improved communication with the Public Utility Commission.
- Weatherization inspection efforts well underway.
- Established better communication and coordination with Market Participant Communicators.
- Developed and drilled on new Crisis Communications structure and processes for better organizational response.
- Successful Listening Tour events.

ERCOT Listening Tour Update

- Goal is to improve ERCOT communication.
- Completed 10 events across the state with more to come.
- Reconnected with public by listening to their experiences during Winter Storm Uri.
- Expressed ERCOT's commitment to better handle weather events.
- Overall positive feedback.

DATE	WHERE
November 3	TSPE Travis County, Austin (virtual)
November 4	TEPA Annual Conference, Austin
November 8	Dallas
November 8	Coppell
November 9	Carrollton
November 17	Waco
December 1	Blinn/College Station
December 1	Frisco
December 2	Groesbeck
December 6	San Antonio
December 6	Killeen
December 14	Brownsville
December 15	LaGrange
December 17	Dallas
January 5	Milam County (radio interview call in)



Securitization Update (HB 4492)

PURA Subchapter M (\$800M)

- Closed on the \$800M with the Texas Comptroller on November 12, 2021.
- Replenished the majority of CRR Auction Fund receipts temporarily used to fund market liquidity, regaining compliance with Corporate Standards.
- Distributed proceeds to Market Participants from November 15 – November 23.
- Anticipate Board approval of NPRR1103, Securitization – PURA Subchapter M Default Charges.
- Commence Default Charges with Miscellaneous Invoices in January 2022.

Securitization Update (HB 4492) Cont.

PURA Subchapter N (\$2.1B)

- Anticipate two joint book underwriters to manage the bond offering process.
- Plan to post implementation NPRR in mid to late December 2021 with Board approval expected in February 2022.
- Expect closing on the \$2.1B in Q1 2022.
- Expect disbursement of funds to QSEs in Q1 2022.
- Anticipated commencement of Uplift Charges TBD 2022.

Securitization landing page has been implemented on ERCOT.com to provide information to Market Participants.



Winter 2021 Seasonal Assessment of Resource Adequacy (SARA)

- 43.3 percent planning reserve margin and anticipated sufficient generating capacity available to serve forecasted peak demand for winter 2022, assuming typical winter conditions.
- A number of low-probability, high-impact scenarios have been identified to allow market to more fully plan and prepare for extreme possibilities.
- Generators across the state have made improvements in power plant weatherization and, as a result, the possibility of controlled outages this winter has decreased significantly. If controlled outages are required, they will be measured in hours not days.

Key Numbers:

Forecast Winter Reserve Margin: 43.3%

Forecast Winter Resources: 84,861 MW*

Forecast Peak Demand: 62,001 MW (based on average weather conditions at the time of the winter peak demand from 2005-2019)

* One megawatt (MW) of electricity can power about 200 Texas homes during periods of peak demand.



Weatherization Update

ID	Task Mode	Task Name	Finish	October 2021							November 2021					December 2021					January 2022			
				8	13	18	23	28	2	7	12	17	22	27	2	7	12	17	22	27	1	6		
0		4Q 2021 ERCOT Weatherization Activities	Fri 12/31/21																					
1	📌	Hired Director of Weatherization	Mon 10/11/21	◆																				
2	📌	PUC approves Rule 25.55	Thu 10/21/21		◆																			
3	📌	Draft Generation WWRR Form Posted	Fri 11/5/21				◆																	
4	📌	Draft TSP WWRR Form Posted	Fri 11/5/21				◆																	
5	📌	Resource Entity Weatherization Workshop	Wed 11/10/21					◆																
6	📌	Transmission Service Provider Weatherization Workshop	Mon 11/15/21						◆															
7	📌	Winter Weather Readiness Reports due to ERCOT	Wed 12/1/21									◆												
8	📌	Inspections Begin	Thu 12/2/21									◆												
9	📌	ERCOT files compliance report with PUC	Fri 12/10/21										◆											
10	📌	Initial Inspections Complete	Wed 12/29/21															◆						
11	📌	Draft Summary Report	Fri 12/31/21																◆					

- Winter 2021 inspections are based on PUCT rule 25.55.
- Phase 2 Inspection requirements will be based upon rulemaking anticipated to begin in 2022.

Other Major Efforts Underway

- Comprehensive review of ERCOT communications practices and policies, as well as training on crisis communication procedures.
- Implement in ERCOT Protocols:
 - Option to deploy voltage reduction measures prior to Energy Emergency Alert (EEA) with direction provided by the Public Utility Commission and ERCOT Board.
 - Deployment of Emergency Response Service (ERS) prior to declaration of Energy Emergency Alert (EEA).
- Add new fees for weatherization inspections conducted by ERCOT in support of PUC weatherization standards to the ERCOT Fee Schedule.
- Changes to process for reinstating Decommissioned Generation Resources to allow at least one Decommissioned Generation Resource to return to service for part of the 2021-2022 winter Peak Load Season.

ERCOT.com Enhancements

- Enhancements to the ERCOT.com navigation menu as well as some content display changes. In addition, the website will now utilize HTTPS protocol for enhanced security.
- ERCOT launched a redesigned navigation structure for ERCOT.com in November.
 - New structure also will allow for ERCOT to be more nimble for future needs, including fast message deployment, highlighting important documents or videos, improving search and other initiatives based on organizational needs.
- Additional section devoted to Market Participants that contains grid and market dashboards, the searchable ERCOT Market Information List (EMIL), the Market Information System (MIS), as well as quick links to Market rules, Market communications, and the meeting calendar.



New Austin Facility Update

- ERCOT's new 37,000 square foot headquarters located in South Austin is scheduled to be completed in January 2022.
- This facility will serve as offices for several ERCOT departments and as primary meeting location for stakeholder and ERCOT events.

