



Item 12: Forecast Adequacy of the Budgeted System Administration Fee

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Vice President and Chief Financial Officer

Board of Directors Meeting

ERCOT Public

March 7-8, 2022

Forecast Adequacy of the Budgeted System Administration Fee

- Market Participant Request: During the 2016-2017 budget process, market participants expressed a preference for more advance notice of any future System Administration Fee rate increases.
- Our Commitment: Traditionally, at the first Finance & Audit Committee meeting of the calendar year, we communicate the forecast adequacy of the budgeted System Administration Fee for the following calendar year.
- Current Status: There is upward pressure on the 2023 budgeted System Administration Fee rate. ERCOT's costs are forecast to continue to grow at a rate faster than shown in the 2022-2023 approved budget. Additionally, demands placed on ERCOT as a result of Winter Storm Uri include new regulatory requirements, protocol and planning revisions, and increased IT support costs for new or enhanced services that were not anticipated in the approved budget.

