



## Item 9: CEO Update – REVISED

*Brad Jones*

Interim President & Chief Executive Officer

Board of Directors Meeting

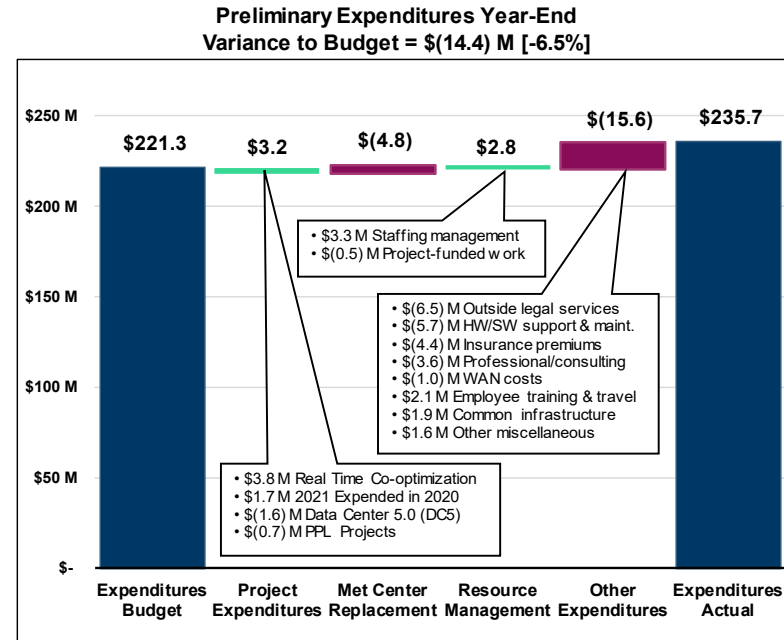
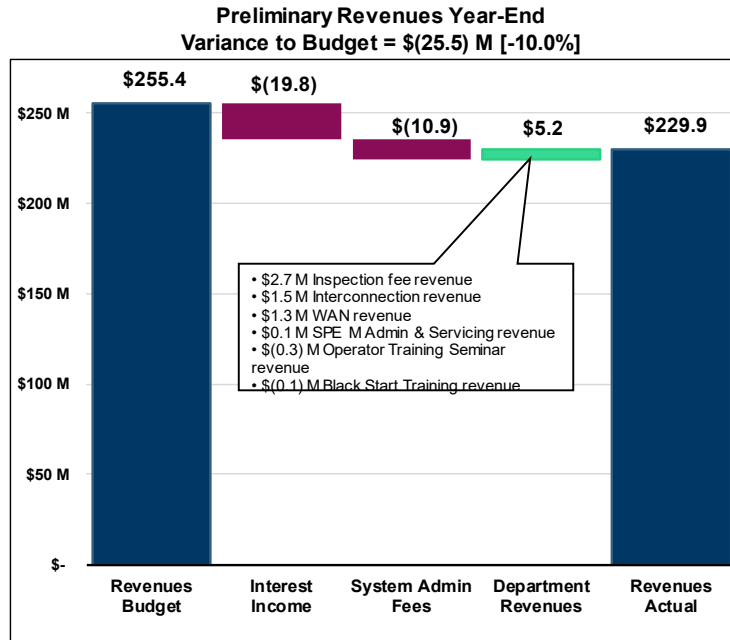
ERCOT Public

March 7-8, 2022

Revised 3/1/2022 to update slide 4

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











**Preliminary Net Available Year-End Variance to Budget = \$(39.9) M**



Charts may not foot due to rounding



# OKR Projects Update

Status	Project	Update
	Distribution Generation Resource / Distribution Energy Storage Resource (DGR/DESR) Implementation	<ul style="list-style-type: none"> <li>• Deployed February 11<sup>th</sup></li> <li>• Delivery supports DGR/DESR resources active in the model/market in April 2022</li> </ul>
	Battery Energy Storage (BES) Combo Model Improvements	<ul style="list-style-type: none"> <li>• Decision to break into multiple projects for delivery flexibility</li> <li>• Slotting individual projects into the portfolio for future start</li> </ul>
	Energy Management System (EMS) Upgrade	<ul style="list-style-type: none"> <li>• On track - development, testing and environment activity</li> <li>• On track - full schedule and budget by July</li> </ul>
	Create Firm Fuel Supply Service	<ul style="list-style-type: none"> <li>• NPRR filed and under review in the stakeholder process</li> </ul>
	RARF Replacement	<ul style="list-style-type: none"> <li>• Modified schedule supports completion by September</li> <li>• <i>Requires additional budget to complete</i></li> </ul>
	Fast Frequency Response (FFR) Advancement	<ul style="list-style-type: none"> <li>• Activities re-aligned for October release</li> <li>• Ongoing engagement with market on technical impacts (TWG)</li> <li>• <i>Requires additional budget to complete</i></li> </ul>
	Load Resource Participation in Non-Spinning Reserve (“NPRR1093”)	<ul style="list-style-type: none"> <li>• On track - release by June</li> <li>• Ongoing market engagement for technical impacts (TWG)</li> </ul>
	ERCOT Contingency Reserve Service (ECRS) Implementation	<ul style="list-style-type: none"> <li>• Early in planning phase activities</li> <li>• Initial market engagement (TWG)</li> </ul>
	Securitization - SubChapter N	<ul style="list-style-type: none"> <li>• On track - March delivery to support automated invoicing</li> </ul>
	DC5 Infrastructure Refresh Program	<ul style="list-style-type: none"> <li>• On track – planning &amp; procurement activity (6 projects)</li> </ul>

# ERCOT Roadmap to Improving Grid Reliability Update

Updated 3/1/2022

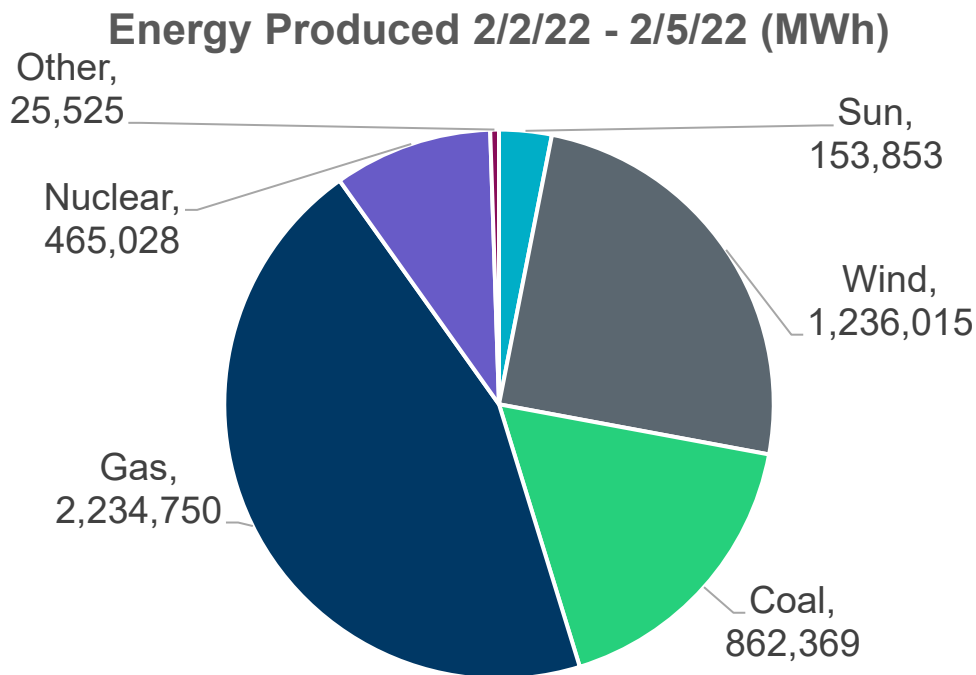
- 52 out of 60 points have been completed
- Revised market processes to plan for available resources in anticipation of tight grid conditions to allow grid operators to better coordinate generation outages.
- Establish a procedure for DOE exemption requests, similar to the Texas Commission on Environmental Quality to avoid delay/uncertainty.
- Reviewed weatherization and emergency operation plans for generation resources. Provide information, technical expertise and analysis to the PUC in support of rulemaking and implementation.
- Implementation of a new Load Profiling Guide Revision Request (LPGRR 068) to add AMS meter load profiles for improved data accuracy.



## Winter 2022 Summary

- **Feb. 2 - Feb. 5, 2022:** Winter Storm Landon
- **Move to Reliability-Based Market Structure:** As a result of the positive changes by the Texas Legislature and PUC, the ERCOT market focus differed greatly:
  - Aggressive grid management approach
  - Conservative planning to prepare for worst case demand and bring on additional reserves
  - Purchased more ancillary services
  - **Pre-event changes:** weatherization, inspections, incentivizing alternative fuels
- Constant, consistent coordination with Governor Abbott, TDEM, PUC, Texas RRC
- Improved communication via daily coordination calls with grid/market participant communicators; legislative leadership offices; statewide news media

# Weather Related Generation Outages (2/2 – 2/5)



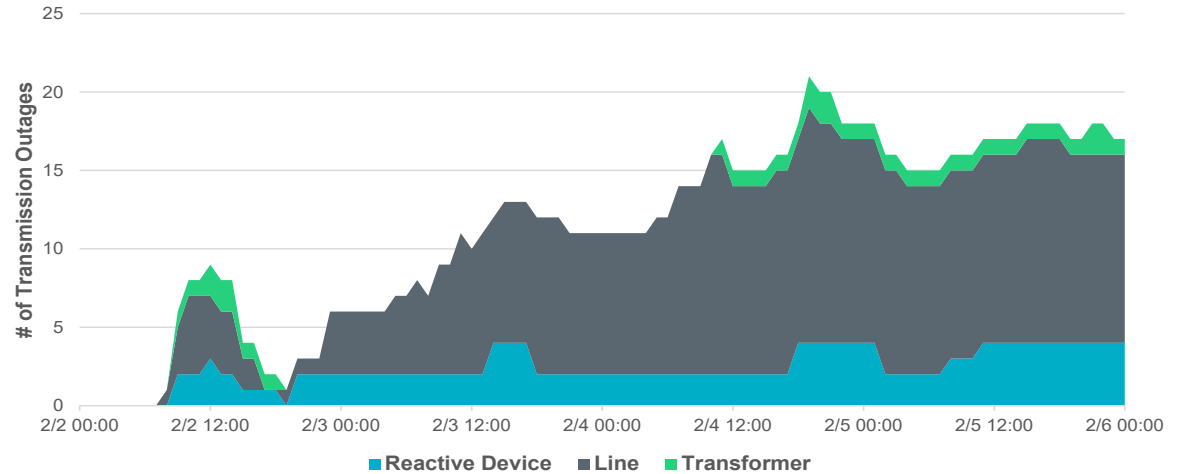
	# Outages or Derates	MWh Lost	MWh Produced	% Lost
<b>Wind</b>	228	7669	1,236,015	0.620%
<b>Sun</b>	8	602	153,853	0.391%
<b>Gas</b>	1	304	2,234,750	0.014%
<b>Coal</b>	2	256	862,369	0.030%
<b>Nuclear</b>	0	0	465,028	0.000%
<b>Other</b>	0	0	25,525	0.000%
<b>Total</b>	239	8831	4,977,540	0.177%



# Transmission Outages (2/2/22 – 2/5/22)

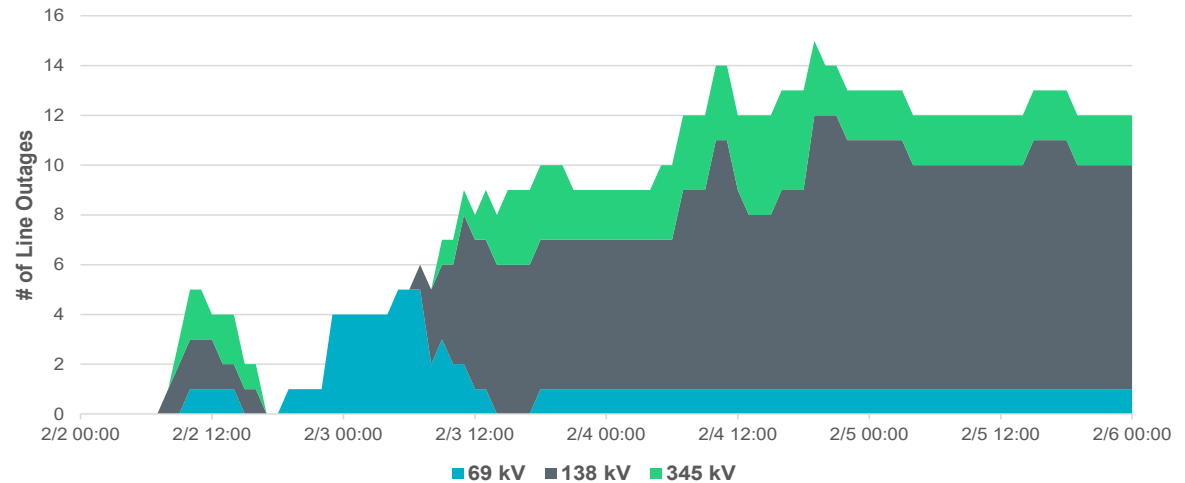
Most outages were on transmission lines, few on transformers or reactive devices.

Transmission Outages Since 2/2/22 By Device



Most outages were on 138 kV transmission lines.

Line Outages Since 2/2/22 By Voltage Level



## Gas Desk Update

- **Intent:** Aggregate information at the intersection of gas and electric; operational information for those facilities that directly impact generation units.
- **Benefit:** Provide greater insight into the reliability of the electric grid.
- **Best Practice:** Similar functions exist at other ISOs.
- **Status / Next Steps:** Stakeholder alignment underway.
- **Recommended Timetable:** Prior to winter 2022 – 2023



# Securitization Update

- ERCOT continues to complete “Subchapter N” Securitization milestones
  - Completed reviews: PRS, CWG / MCWG and TAC
- Upcoming milestones:
  - **March:** Continued reviews of NPRR 1114 and bond documents, including ERCOT board (March 7), PUCT (date TBD)
  - **March 29:** N system (back end) go-live *\*Invoicing will not start on this date*
  - **April:** Board (April 12) and PUCT (date TBD) review of Clarification NPRRs
  - **May:** Bond documents completed; announce and price transaction
    - **Late May:** escrow deposits due
  - **June:** Transaction close and funds received
    - **Market notice:** disbursement and invoicing schedule; payment information
    - Disbursements commence 2-3 days after closing
  - **July:** Invoicing begins no sooner than 30 days after funding

# Sunset Review

## Sunset Commission

- The Sunset Advisory Commission is a 12-member body comprised of members of the Texas Senate, House and two public members.

## Sunset Commission Timeline

- ERCOT submitted its self-evaluation report to the Sunset Commission in September 2021
- Sunset will begin its review in April and complete its process by mid November 2022
- The 88<sup>th</sup> Legislature will meet beginning January 2023 and will file and debate ERCOT's sunset bill

## Sunset Process

- Review ERCOT's self-evaluation report and receive input from interested parties
- Evaluate ERCOT, identify problems and develop recommendations
- Publish the staff report
- Sunset staff presents its report and recommendations, and ERCOT presents its response
- Sunset Commission hears public testimony and receives written comments
- Sunset Commission meets again to consider and vote on recommendations
- Final recommendations are incorporated into a bill which would be filed in the 88<sup>th</sup> Legislative Session

Source: Texas Sunset Commission

