Item 5: CEO Update – REVISED

Pablo Vegas
President and Chief Executive Officer

Board of Directors Meeting

ERCOT Public
December 20, 2022

2022 ERCOT Enterprise OKRs

1. Improve grid reliability
2. Complete market-facing initiatives advancing reliable operations, market systems and data transparency
3. Implement improvements in technological capabilities and financial processes

2022 ERCOT Enterprise OKRs

Objective 1: Improve grid reliability

Key Results (as measured by)		
●	Develop a program to implement the PUCT Rule for **weatherization**.	To be completed 12/20/22
✓	Implement key milestones for improving **integration of new resources types**.	Completed 10/13/22
●	Design and deliver key components for the 2024 **Energy Management System** (EMS) upgrade (PR320-01).	Not trending for 2022 milestones

2022 ERCOT Enterprise OKRs

Objective 2: Complete market-facing initiatives advancing reliable operations, market systems and data transparency

Key Results (as measured by)		
✓	Complete all the **RIOO** system components to allow retirement of the RARF spreadsheets (PR106-01).	Completed 12/9/22
✓	Implement key milestones for **PUCT directed Market Redesign** by delivering instructed market design changes.	Completed 8/25/22
✓	Implement NPRR1093 **Load Resource Participation in Non-Spinning Reserve** (PR384-01) by Summer 2022.	Completed 5/26/22
✓	Establish **Firm Fuel Service**.	Completed 10/13/22
✓	Implement **Fast Frequency Response (FFR) Advanced** changes (PR325-01).	Completed 10/13/22
●	Implement key milestones for **Creation of ERCOT Contingency Reserve Service (ECRS)** (PR386-01) changes which are targeting implementation by Summer 2023 (before EMS freeze).	2022 milestones to be completed 12/31/22

2022 ERCOT Enterprise OKRs

Objective 3: Implement improvements in technological capabilities and financial processes

Key Results (as measured by)		
🔴	Procure and install key components of the aging data center infrastructure for the **DC5 Infrastructure refresh** (PR342-00).	Not trending for 2022 milestones
✔	Establish project to automate **treasury** processes to reduce financial and operational risks and gate to planning phase by the end of Q3-2022.	Completed 8/2/22
✔	Complete HB4492 Subchapter N Phase 1 project (PR379-01) to enable the design and automation of new treasury, credit and daily invoicing functions to recover the $2.1B **securitization** funds over the next 30 years.	Completed 3/29/22
✔	Secure **securitization** financing for HB4492 Subchapter N: $2.1 Billion in bonds in Q2-2022 and begin Market Participant invoicing for uplift charges in Q3-2022.	Completed 8/1/22

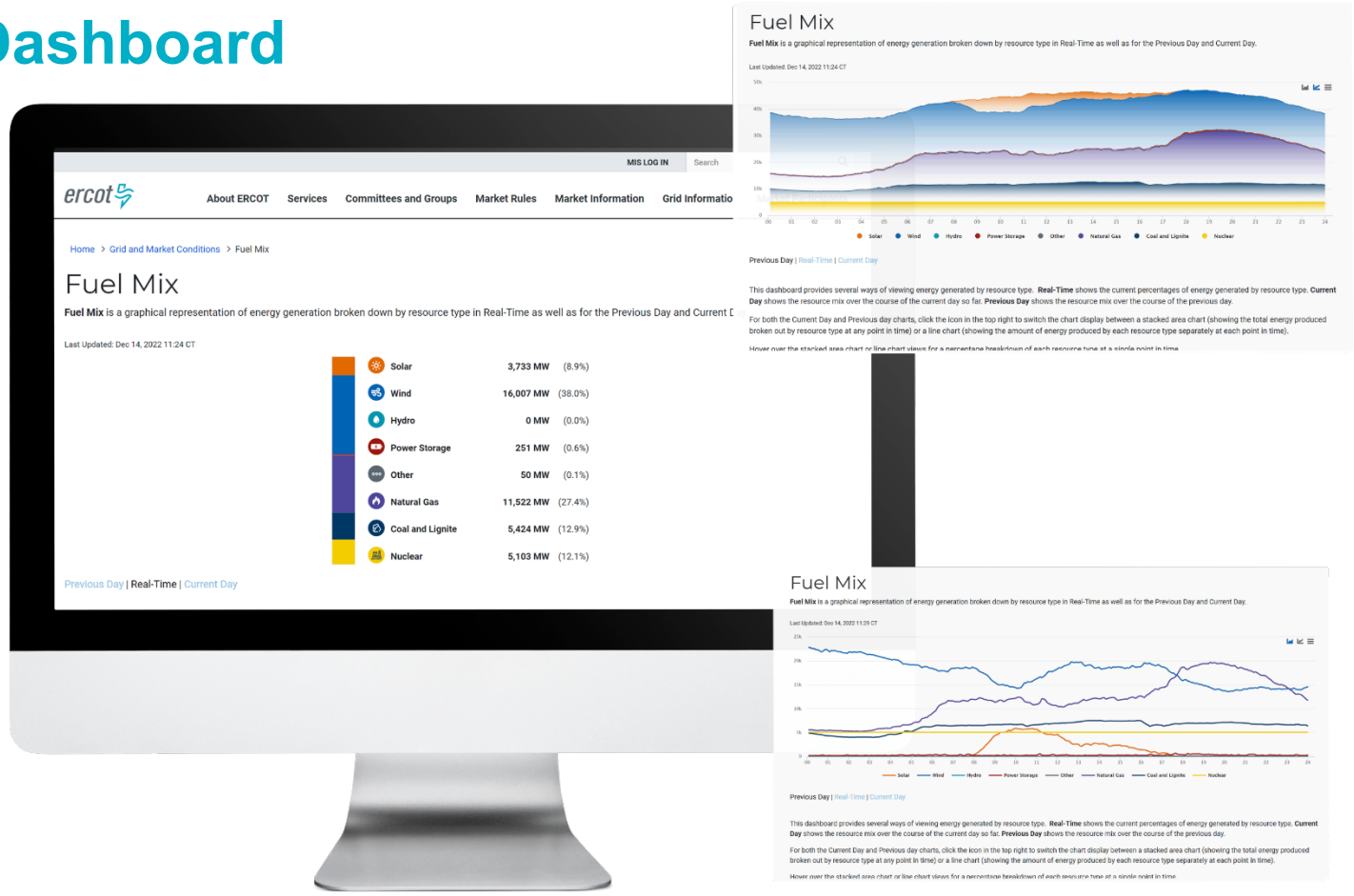
Winter 2022/2023 Seasonal Assessment of Resource Adequacy (SARA) & Capacity, Demand and Reserves

- 140,819 MW of Total Installed Capacity present for Winter 2022-2023
  - Thermal/hydro: 74,835 MW
  - Wind: 35,344 MW
  - Solar: 14,062 MW
  - Private Use Networks: 9,575 MW
  - Operational co-located resources with LFLs: 2,996 MW
  - Storage: 2,787 MW
  - Non-Synchronous Ties: 1,220 MW
- 67,398 MW Forecasted Peak Load under typical unplanned outages and renewables output
- Operating reserve capacity available under all Base & Moderate Reserve Capacity Risk Scenarios
- In the low probability scenario of high peak load, extreme unplanned outages and extreme low wind output, ERCOT forecasts a shortfall in capacity available for operating reserves.

Market Redesign Perspectives

- Phase II is critical in incentivizing and retaining dispatchable generation in the ERCOT region.
- All options presented in the E3 report will achieve the goal of improved reliability but in different ways.
- Our analysis shows that the Performance Credit Mechanism (PCM) is the option most likely to result in new investment in generation, giving Texas the power it needs, when it needs it.
- A market design targeted at closing the “dispatchable gap” with clarity and certainty is necessary to incent any new thermal generation build in Texas.

Fuel Mix Dashboard



- Provides several ways of viewing energy generated by resource type.
- Real-Time shows the current percentages of energy generated by resource type.
- Current Day shows the resource mix over the course of the current day so far.
- Previous Day shows the resource mix over the course of the previous day.
- https://www.ercot.com/gridmktinfo/dashboards/fuelmix

Large Flexible Load (LFL) Voluntary Curtailment Program

- Encourages large flexible customers (e.g., crypto mining facilities) to reduce power use during periods of high demand
- Any large customer directly connected to a TSP's facility can participate with approval from ERCOT
- Registration now open with anticipated launch in January 2023

Employee Recognition – LFL Voluntary Curtailment Program

Thank you to the following ERCOT employees for their work in developing the Voluntary Curtailment Program for Large Flexible Loads: