



Item 6: CEO Update

Pablo Vegas

President and Chief Executive Officer

Board of Directors Meeting

ERCOT Public

February 28, 2023

Overview

- **Purpose**

- This presentation recaps ERCOT's performance during recent weather events and highlights upcoming items of note

- **Voting Items / Requests**

- No action is requested of the Board; for discussion only

- **Key Takeaways**

- Extreme weather events continue to test the electric grid, which achieved two new peaks in December. Weatherization, resource availability, and supportive ancillary services like firm fuel supply service, have enabled reliable operations
- External communications is continuing to progress with increased social media activity and new dashboards garnering positive public feedback
- ERCOT continues to prepare for phase 2 market redesign and is developing interim bridge alternatives for consideration
- Legislative session will be key in 2023 with top issues to include market redesign, large flexible loads, transmission planning, and cybersecurity

ERCOT's Performance during Recent Winter Weather

Snapshot	W.S. Elliott	W.S. Mara
Peak Demand	74,427 MWs (Dec 23, 2022)	65,632 MWs (Jan 31, 2023)
Available Generation at tightest time	80,817 MWs	75,984 MWs
Firm Fuel Deployed	948.5 MWs (1 st time deployed)	757.5 MWs (2 nd time deployed)
Forecast	Low but ERCOT intentionally prepared for higher load	Load forecasts were within normal parameters
Storm Info	Came in faster and deeper than weather models forecast	Significant ice storm in the Central and Northeast portions of the ERCOT Region that caused localized outages

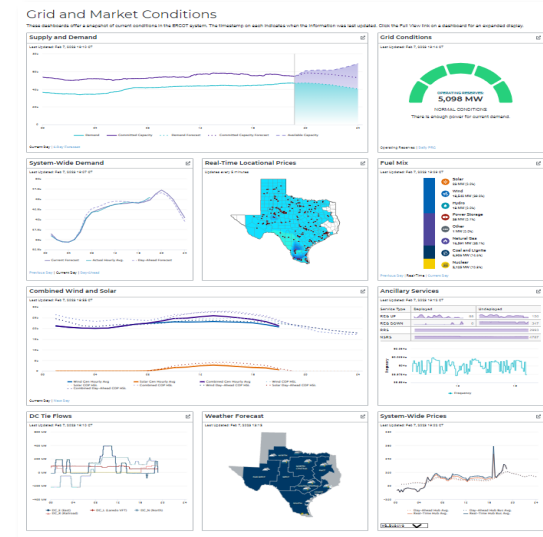
Key Takeaways: Events continue to highlight the need for more dispatchable generation resources which the Performance Credit Mechanism (PCM) is designed to incent. Implementation of phase 2 of weatherization standards is important.

Communications – Website Dashboards & Social Media

Dashboards	W.S. Elliott	W.S. Mara
Views	771,589	252,895
Visitors	259,059	88,120
Grid & Market Conditions	534,282	173,941

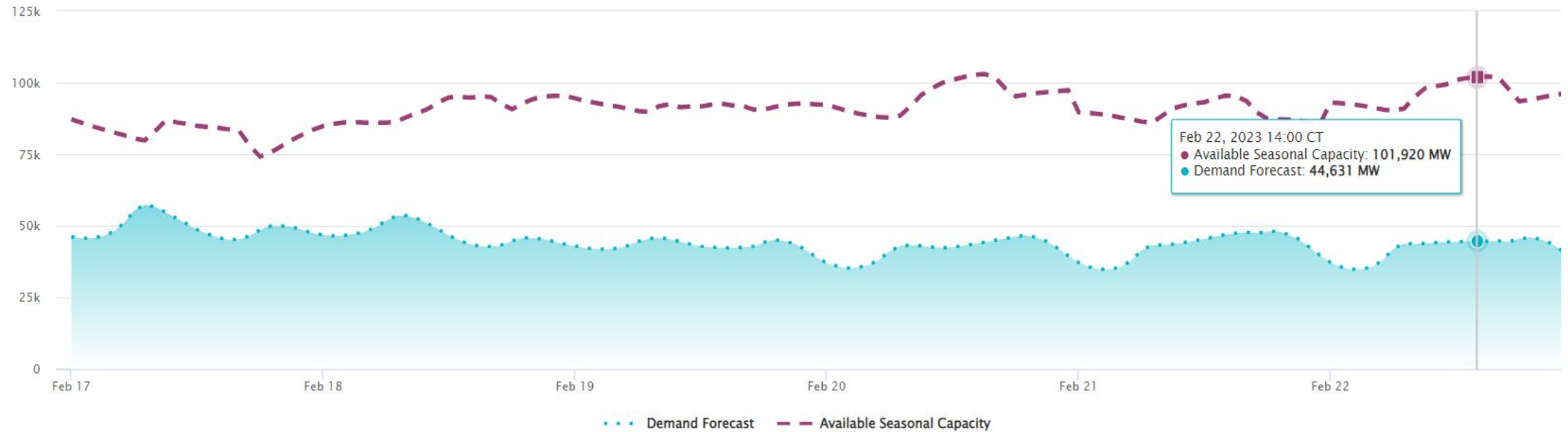
W.S. Elliott	Views/Post Reach	Reactions/Likes	Comments	Shares/Retweets
Facebook	79,191	1,175	499	381
Twitter	537,400	1,720	386	462

W.S. Mara	Views/Post Reach	Reactions/Likes	Comments	Shares/Retweets
Facebook	58,843	462	159	205
Twitter	171,200	435	87	201



New 6-Day Supply and Demand Forecast Dashboard

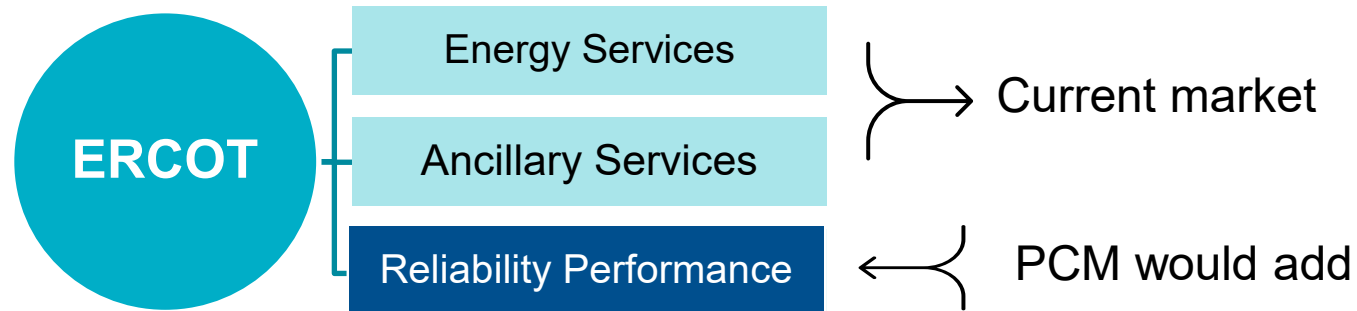
Last Updated: Feb 16, 2023 09:20 CT



Current Day | 6-Day Forecast

Performance Credit Mechanism (PCM)

- Preserves benefits of current Texas Energy and Ancillary Service markets
- Adds a new Reliability Market product to incentivize development and preservation of dispatchable generation
- Dispatchable generation that meets performance criteria during tightest grid periods throughout the year receives incentive payments. Load-Serving Entities' allocated costs based on load ratio share
- Estimated to increase total energy costs 2-3% on average (\$460 million/year)
- Initial estimate of 2-4 years to implement with a project cost of approximately \$2-4 million



Performance Credit Mechanism (PCM) — What's Next?

- PCM approved by Public Utility Commission (PUC) January 26
- PCM is now with 88th Legislature
 - Senate B&C Committee discussed February 7 and February 16
- ERCOT is creating bridge solutions at PUC request
- R&M subcommittee engaged yesterday (February 27)
- Bridge proposals will be announced April 18 at ERCOT Board Meeting

Legislative Updates

- 88th Texas Legislature convened Jan. 10th and will adjourn May 24th
- ERCOT staff are attending legislative hearings on topics pertinent to our market and operations to act as a resource for legislators
- Topics impacting ERCOT:
 - Market Design
 - Large Flexible Loads
 - Distribution Level Data
 - Transmission Planning
 - Cybersecurity
- ERCOT staff will monitor legislation impacting ERCOT and act as a resource for legislative offices seeking information

Sunset Commission Report Recommendations

- Revisions to Board processes to allow ERCOT to restrict PUC Commissioners' presence at Executive Sessions; what constitutes an Executive Session; add additional PUC Commissioner as a non-voting member
- Require ERCOT to send a bi-annual Electric Industry report to the Legislature
- Direct ERCOT and PUC to reevaluate ERCOT's performance metrics and to create a public communications guidance document
- Direct ERCOT to include appropriate funding in its budget for qualified economic-planning staff
- Next milestone is for a Sunset bill to be filed. Complete Sunset Recommendations can be found at: <https://www.ercot.com/about/sunsetreview>

Employee Recognition – Operations & Communications

Thank you to the following employees for their work in supporting ERCOT through recent significant winter weather events!

OPERATIONS

Steven Andrews
Chris Azeredo
Scott Bagley
Douglas Bernhoft
Gus Bettge
Jeff Billo
Cody Blair
Jamaal Brown
Chad Bryant
Darrell Cyphers
Arden Dean
Kim Engram
Joseph Estrada
Jerry Gaddy
Freddy Garcia
Paul Gauntt

John Gay
Bobby Gray
Jonathon Grotefendt
Greg Guenther
Jimmy Hartmann
Nelson Avila Hernandez
Don Hill
Luis Hinojosa
Jimmy Kim
Shawn Klinglesmith
George Lopez
Bryan Luker
Vamsi Madam
Shauna Maynard
Benjie McKinley
Sam Morris

Tim Mortensen
Cody Mossburg
Malini Murugesan
Naveen Chandra Azad Naiki
George Niels
Stan Petrusky
Aaron Pugh
Julian Ramirez
Woody Rickerson
Zane Robison
Greg Schwierking
Ed Self
Francis Sirleaf Jr.
Mark Skipper
Wesley Watkins
Ryan Wells

Dan Woodfin
June Yanchak
Christopher Zwierlein

PUBLIC AFFAIRS

Robert Black
Penney Christian
Julie House
Amy Lofton
Olha Lyakhovets
Sam Mogerman
Mark Miner
Christy Penders
Priyanka Parthasarathy
Zach Tufenkjian
Ben Utley
Trudi Webster

Special Thanks to State Agencies

Thank you to the following state agencies who worked by ERCOT's side during recent weather events in ensuring the safety of all Texans.

- Public Utility Commission
- Railroad Commission of Texas
- Texas Department of Emergency Management
- Texas Energy Reliability Council

