



Item 6: CEO Update

Pablo Vegas

ERCOT President and Chief Executive Officer

Board of Directors Meeting

ERCOT Public

December 19, 2023

Overview

- **Purpose**

This presentation recaps ERCOT's recent Operations activity and highlights strategic areas of focus

- **Voting Items / Requests**

No action is requested of the Board; for discussion only

- **Key Takeaways**

- ERCOT continues to prepare for Winter Operations, including continuing weatherization inspections with a new group of inspectors.
- ERCOT's generation interconnection queue process is well defined to facilitate new generation moving expediently through the queue.
- Cybersecurity preparedness and training continues to be a primary focus across ERCOT and the sector overall.

RFP for Capacity

- ERCOT canceled the RFP for Contracts for Capacity during the winter 2023-24 Peak Load Season due to limited response.
- ERCOT was seeking to procure up to 3,000 MW of new capacity as an extra layer of precaution for this winter.
- Only three entities submitted offers, including 11.1 MW of potentially eligible capacity. All of the potentially eligible capacity was Demand Response.

Key Takeaways

- While potentially higher risks precipitated the RFP, ERCOT is not projecting emergency conditions this winter and expects to have adequate resources to meet demand. Substantial winter preparedness improvements have been implemented since 2021.
- ERCOT will work with the PUCT and stakeholders to incorporate lessons learned from the RFP process and reevaluate demand response solutions in the related open PUCT project.

Winter Preparations & Grid Improvements Since 2021

- Weatherization and Inspections (updated with more rigorous requirements for 2023-2024 winter)
- Scheduled Maintenance Period
- Firm Fuel Supply Service (Phases 1 and 2)
- Forecasting Improvements
- ERCOT Contingency Reserve Service (ECRS)
- Fast Frequency Response Service
- Critical Supply Chain and Critical Infrastructure Map
- Improved, transparent communications, including TXANS
- Improved Communications with state agencies, market participants, public, and media

Key Takeaway: ERCOT is leveraging all available tools and programs to prepare for the upcoming winter season and meet reliability expectations.

Dispatchable Reliability Reserve Service (DRRS) Update

- HB1500 §§ 22, 51 establish requirement for DRRS, including implementation deadline
- NPRR1203 and OBDRR049 & 050 would have established DRRS as a subtype of Non-Spin prior to December 1, 2024
- Oct. 17: Senator Schwertner and Representatives Hunter and Holland filed letter indicating legislative intent for standalone DRRS
- Nov. 2 Open Meeting: Commissioners discussed preference for standalone DRRS, despite deliverability after statutory deadline
- Dec. 4: TAC approved withdrawal of NPRR1203
- Mar. 31, 2024: NPRR submission for DRRS as a separate Ancillary Service to be delivered in alignment with timing of RTC+B

Key Takeaway: Revision Requests for DRRS as a subtype of Non-Spin were withdrawn and DRRS will instead be developed as a standalone Ancillary Service

Prop 7 Texas Energy Fund (TEF)

- Offers low interest funding opportunities for new generation projects
- Based upon an application process and award system to be developed and implemented by the PUCT
- Legislation includes provisions to prioritize interconnection for TEF-funded electric generation facilities
- Entities may apply for a loan to finance upgrades to existing dispatchable generating facilities or to finance the construction of new electric generating facilities within ERCOT region
 - A project must result in a net increase of at least 100 MW of generation capacity for a single facility
 - Loans for new construction are only available for facilities added to ERCOT's Capacity, Demand, and Reserves (CDR) Report after June 1, 2023
- Tiered completion bonuses available for projects in service by June 2026 and 2029

Prop 7 Texas Energy Fund (TEF) Deadlines

June 1, 2024

PUCT begins accepting ERCOT loan applications

Dec 31, 2025

Date by which the PUCT makes initial disbursements for approved loans

June 1, 2026 and 2029

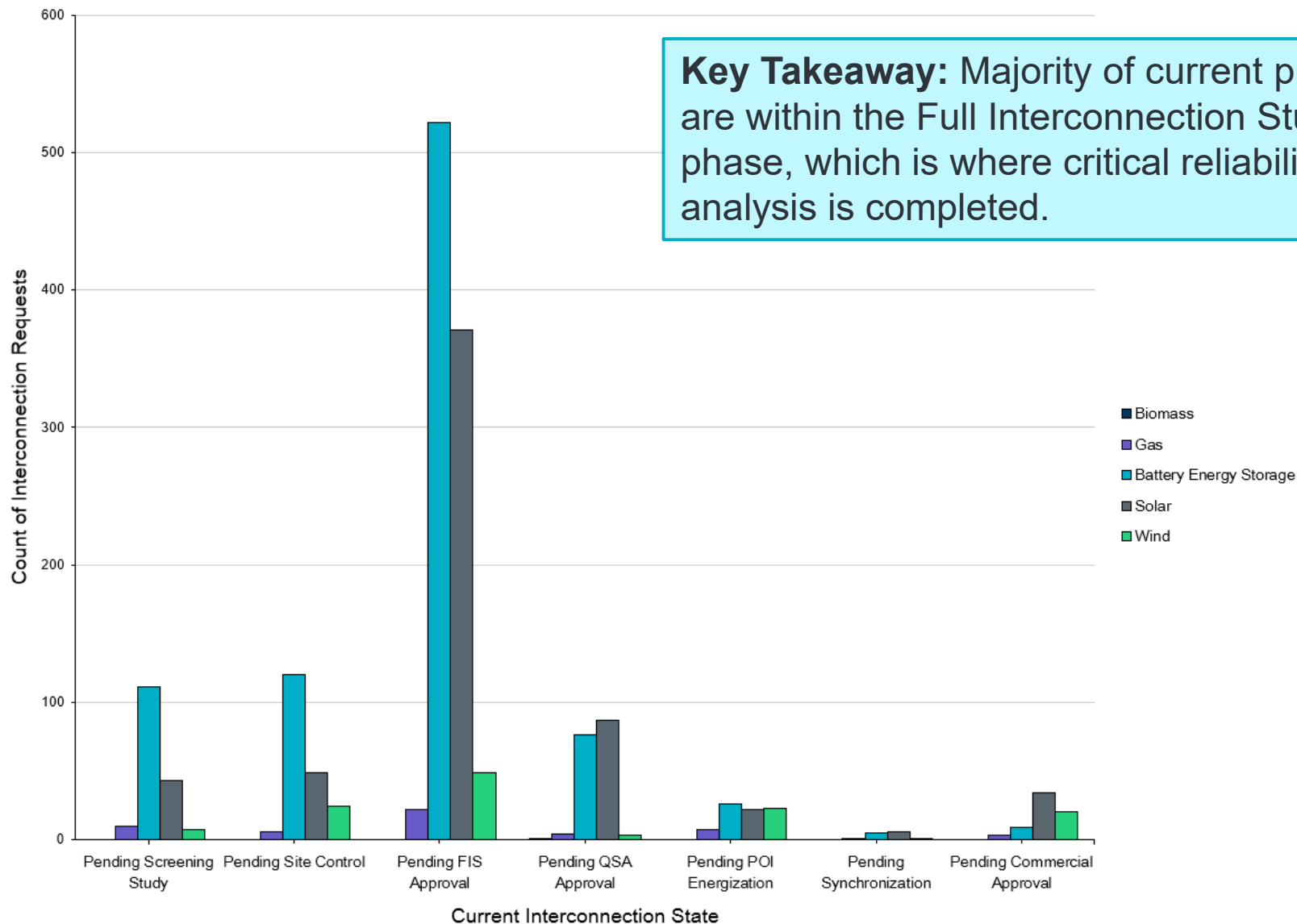
Facility must be interconnected to ERCOT to receive tiered completion bonus

Sept 1, 2050

Expiration of ERCOT loan program

Key Takeaway: ERCOT is prepared to advance new projects through the generation interconnection queue with priority to support TEF incentives.

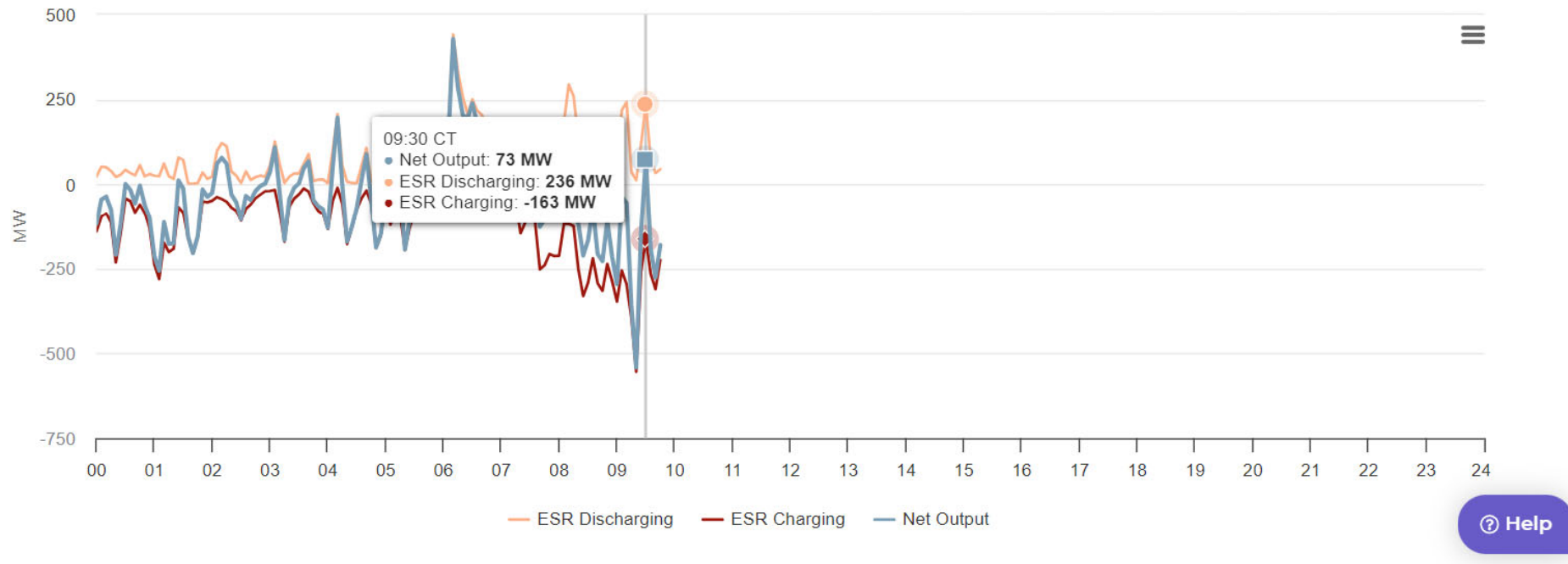
Generation Project Count by Fuel type and Interconnection Stage



Energy Storage Resources (ESR) Dashboard

Energy Storage Resources is a graphical representation of energy storage charging and discharging production using real-time data.

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Key Takeaway: ERCOT continues to create tools, such as dashboards, to provide access and transparency to grid operations.

GridEx & CyberStrike™ Simulated Events

- ERCOT and PUCT coordinated with the U.S. Department of Energy and Idaho National Laboratory to provide CyberStrike™ training for more than 50 Market Participants, through a hands-on, simulated demonstration of a cyberattack drawing from real life cyber incidents throughout the world.
- ERCOT participated in NERC's 7th GridEx grid security and resilience exercise, which provides a forum to practice response and recovery from coordinated cyber and physical security threats and incidents.
- The FBI, PUCT, and the Taylor Police Department joined ERCOT leadership in a drill that spanned more than five hours with a series of escalating incidents threatening the grid.

Key Takeaway: Physical and Cyber Security continues to be a top priority for the nation's infrastructure, including the ERCOT grid and Market Participants' networks and system.

Employee Recognition

Thank you to all the ERCOT employees for your hard work on the RFP for Contracts for Capacity initiative.

- Nathan Bigbee
- Jeff Billo
- Bill Blevins
- Jian Chen
- Davida Dwyer
- Ino Gonzalez
- Kristi Hobbs
- Marcelo Magarinos
- Dave Maggio
- Kenan Ögelman
- Mark Patterson
- Kenneth Ragsdale
- Carl Raish
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- Dan Woodfin
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