



Item 6: CEO Update

Brad Jones

Interim President and Chief Executive Officer

Board of Directors Meeting

ERCOT Public

June 21, 2022

May 2022 Conservation Summary

- May 13, ERCOT issued a media statement asking Texans to reduce energy use
- Tight conditions were caused by unseasonably hot weather driving record demand, and unanticipated mechanical issues that took approximately 2,900 MW offline
- While grid conditions never required declaring an EEA event, ERCOT was in close contact with Market Participant communicators and shared control room updates through all normal channels until conditions improved
- Texans voluntarily reduced electric demand while power generators quickly moved to complete maintenance and repairs to go back online — normal conditions were restored by May 16

Securitization: “Subchapter N” Context

ERCOT will distribute proceeds from bonds to Obligated LSEs, through their designated Responsible QSE, that were exposed to extraordinary costs by winter storm Uri.

LSEs that receive proceeds from the debt obligations may use the proceeds solely for the purposes of fulfilling payment obligations directly related to such costs and refunding such costs to retail customers who have paid or otherwise would be obligated to pay such costs.

HB 4492 & PUC Authorization Enables ERCOT To:

- Establish a debt financing mechanism for the payment of the Uplift Balance;
- Establish a process to distribute proceeds to Qualified Scheduling Entities (QSEs) that represent Load Serving Entities (LSEs) that demonstrate eligible costs;
- Impose non-bypassable uplift charges on LSEs through their QSEs, except for those that opt out of the uplift charges; and
- Remit the uplift charge proceeds to pay the debt obligations.

Load Serving Entity (LSE) – Retail electric provider, municipally owned utility, or electric cooperative that provides electric service to individual and wholesale customers.



Securitization: “Subchapter N” Key Milestones

June 9	Filing with PUC — 4.979% overall weighted average interest rate
June 15	Close on Subchapter N Securitization <ul style="list-style-type: none"> • Issuance size: \$2,115,700,000 • Rating: Moody’s Aaa (Structured Finance) • Ticker: ERCOTT (Corporate) • Type: 144A
June 22	Distribute \$2.1 billion of bond proceeds to market participants per the settlement agreement
August 1	Issue initial invoices for Uplift Charges
February 1, 2023	Make first semi-annual bond payment

Tranche	Expected Weighted Average Life (years)	Principal Amount Offered	Scheduled Final Payment Date	Final Maturity Date	Interest Rate
A-1	6.78	\$600,000,000	August 1, 2034	August 1, 2036	4.264%
A-2	16.21	\$600,000,000	February 1, 2042	February 1, 2044	4.966%
A-3	22.12	\$457,900,000	August 1, 2046	August 1, 2048	5.057%
A-4	26.11	\$457,800,000	February 1, 2050	February 1, 2052	5.167%



Employee Recognition – Securitization

Thanks to the following ERCOT employees for their involvement in the success of the Securitization project — a team 131 strong:

Jeanette Agron	Pooja Bom	Cathy Cox	Brandon Gleason	Keely Hilton
Naresh Ancha	Sean Braden	Mike Dameron	Ino Gonzalez	Kristi Hobbs
Janice Ayson	Ginger Budzenski	Paras Dave	Amy Gore	Julie House
Gajendar Bandam	Adriana Carrizales	Ohlen Dinopol	Daniel Guerrero	Mike James
Chakrapani Bandaru	Britney Chapman	Davida Dwyer	Vikram Gupta	Susan Jinright
Mandy Bauld	Uday Kiran Chennapragada	Satish Edhara	Ted Hailu	Shawna Jirasek
Mark Bengtson	Penney Christian	Lauren Fleming	Mick Hanna	Kishore Karri
Nicole Beran	Dean Cortez	Matt Folks	Connie Harris	Murali Katragadda
Doris Berninger	Justin Couture	Neal Frederick	Stan Hartin	Ramesh Kaul
Scott Bolling	Austin Covington	Maruthi Gaddam	Brenda Hernandez	Walter Koehne



Employee Recognition – Securitization

Thanks to the following ERCOT employees for their involvement in the success of the Securitization project — a team 131 strong:

Rao Kondapalli	Debbie Lightner	Vikram Maripeddi	John Messer	Priyanka Parthasarathy
Uday (Srisai) Kota	Amy Lofton	Anitha Marneni	Norma Mester	Sai Peddineni
Barbara Kremer	Cagle Lowe	Bryan Martinez	John Michael	Zach Pendland
Shawn Lai	Judy Luu	Mauro Marzari	Angela Michelsen	Mai Phung
Jason Lam	Olha Lyakhovets	Ujwal Maskey	Sheeja Mohan	Luis Quintanilla
Luke Laney	Indra Mallu	Trish Matus	Carol Nease	Jimmy Ramirez
Steven Lang	Sanjay Manandhar	Dylan McMurray	Xiangxiang Ni	Chandrakanth Ranganathan
Jamie Lavas	Tisha Mannella	Aaron McQuary	Rama Chandra Reddy Nimma	Tracy Richter
James LaWare	Srinivasa Rao Manthana	Ram Meka	Spoorthy Papudesi	Randy Roberts
Jonathan Levine	Srinivas Maracany	Matt Mereness	Ronakkumar Parikh	Jeff Robertson



Employee Recognition – Securitization

Thanks to the following ERCOT employees for their involvement in the success of the Securitization project — a team 131 strong:

Raeann Rojas	Teresa Simien	Ravi Tummala
Austin Rosel	Dennis Stock	Dave Valadez
Mark Ruane	Craig Sussman	Naga Valasagandla
Brandt Rydell	Greg Sutter	Daniel Vazquez
Margaret Sachnik	Nicholas Symons	April Vega
Narender Sandil	Simplice Tanjang	Padma Veluservai
Richard Scheel	Michael Taylor	Leslie Wiley
Jamie Schue	Sean Taylor	Denise Xu
Chad Seely	Jason Terrell	Zaldy Zapanta
Maggie Shanks	Rajinikanth Thoutam	Rachel Zeplin



New Transmission Process

Background

- SB1281 requires ERCOT to perform a Biennial Grid Reliability Assessment to evaluate common-cause outages of both transmission and generation resulting from severe system weather conditions
- Common cause outages could result from a winter storm, hurricane, drought or some other type of severe weather

Evaluation Approach

- SB1281 also instructs ERCOT to begin using the Consumer Benefit measure when evaluating the economic need for potential transmission projects
- ERCOT has used the Consumer Benefit measure in the past, but most recently used a Production Cost measure for evaluating the economic need potential transmission projects

Key Actions

- PUCT has started a rulemaking 53403 to address both issues
- ERCOT staff and PUCT staff have conducted meetings to exchange ideas in preparation for the rulemaking

ERCOT Progress on Market Design Blueprint

Status	Initiative	Update
Operating Reserve Demand Curve (ORDC)		
✓	Minimum Contingency Level (MCL) to 3,000MW; High Offer Cap (HCAP) & Value of Lost Load (VOLL) to \$5,000	Implemented new parameters 01/01/22
●	Decouple HCAP and VOLL	Upon PUC direction to change the respective values, will file necessary Revision Requests; minimal system changes anticipated
●	Biannual report	ORDC analysis report due Nov. 1 st on even years per PUC Substantive Rule 25.505
Demand Response		
●	Nodal settlement for Controllable Load Resources (CLRs)	Multiple design presentations to stakeholder groups Expect to file NPRR this summer
●	Consumer Aggregations/Virtual Power Plants	Aggregated Load Resource (ALR) created in 2014 New participation model needed for distributed generator or battery aggregations
Emergency Response Service (ERS)		
✓	Deploy prior to declaration of Energy Emergency Alert	Implemented via NPRR1106 effective 12/17/21
●	Program expansion	Other program changes poised for implementation upon PUC approval in upcoming rulemaking



ERCOT Progress on Market Design Blueprint

Status	Initiative	Update
Ancillary Service Enhancements		
✓	Non-Controllable Load Resources (NCLR) in Non-Spinning Reserve Service (NSRS)	Implemented NPRR1093 05/26/22
●	Fast Frequency Response (FFR) Advancement	Working with Technology Working Group (TWG) Market testing required with readiness reports to TAC Target go-live October 2022
●	ERCOT Contingency Reserve Service (ECRS)	Working with TWG to prepare for target go-live mid-2023
●	Firm Fuel Supply Service	NPRR1120 approved 03/31/22 Request for proposal being finalized for summer release
●	Voltage Support Service	Filed specification & design requirements with PUC
Resource Integration		
✓	Update Resource Integration prioritization	Complete upon PUC ruling
Phase 2		
●	Load-Side Reliability Mechanism	Filed specification & design requirements with PUC
●	Backstop Reliability Service	Filed specification & design requirements with PUC

