



## Item 5: CEO Update

*Pablo Vegas*

President and Chief Executive Officer

Board of Directors meeting

ERCOT Public

June 18, 2024

# Overview

- **Purpose**

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

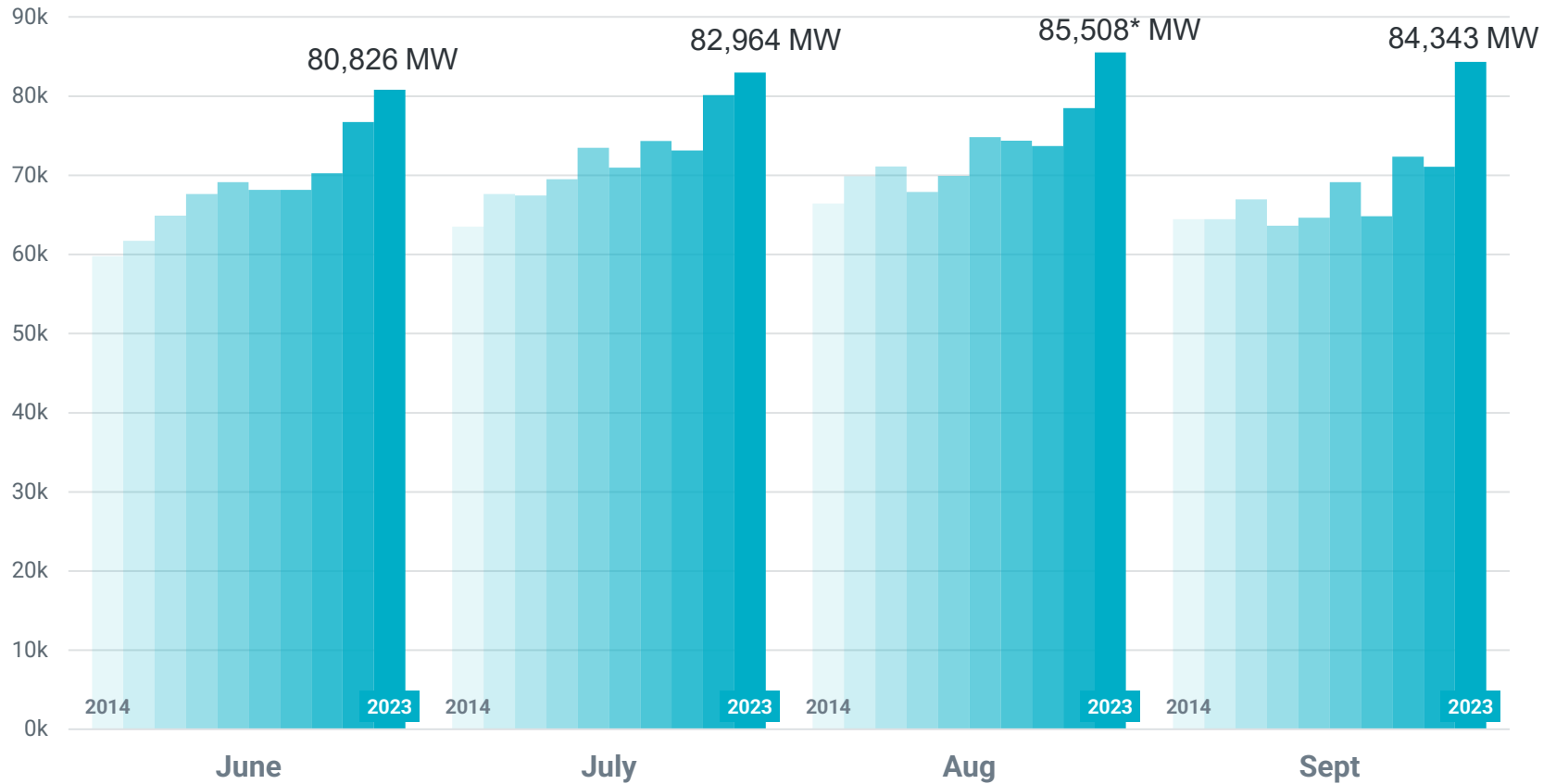
- **Voting Items / Requests**

No action is requested of the Board; for discussion only

- **Key Takeaways**

- ERCOT is working with Market Participants in advance of summer with hurricane preparedness and summer weatherization inspections.
- ERCOT lays out the Reliability Roadmap for the rest of 2024 and beyond.
- EPA's new rules threaten ERCOT's dispatchable generation fleet, raising a reliability risk. ERCOT will continue to support Texas's litigation efforts as requested.

# Summer Demand Over Last 10 Years



**Key Takeaway:** Growth over the last 10 years is clear, and demand is expected to continue growing.



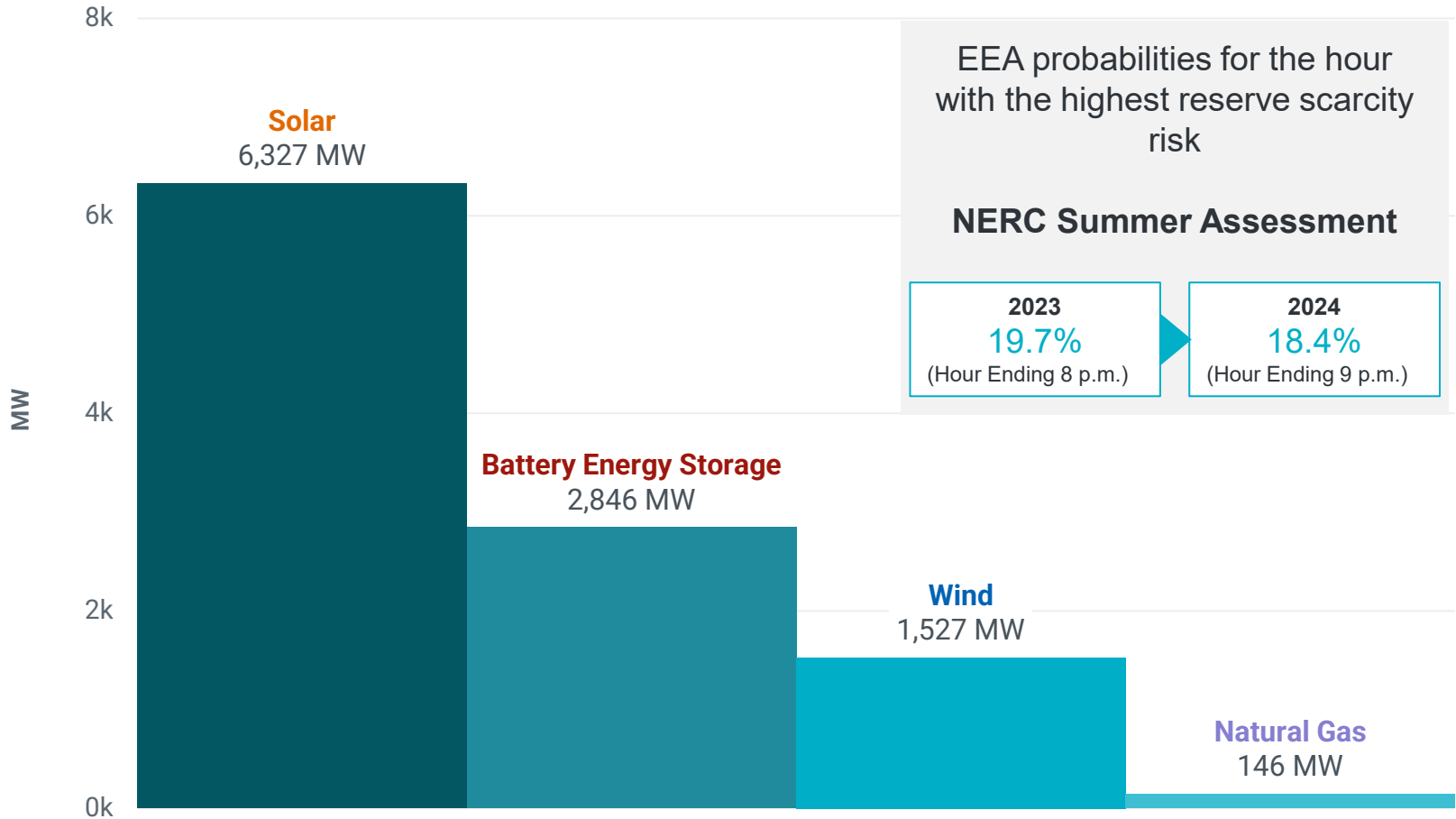
\* Current all-time demand record

## Summer Items of Note

- The Monthly Outlook for Resource Adequacy (MORA) replaces the Seasonal Assessment of Resource Adequacy (SARA).
  - Prior to the MORA, ERCOT had not shared a resource adequacy view of the grid specific to August.
  - Both reports look at the grid in terms of riskiest/tightest hours, but the MORA provides a more frequent assessment, specific to each month.
  - For the majority of the day, ERCOT has little to no risk of entering emergency operations and declaring an EEA.
  - The tightest time to manage the grid during summer is from 7 – 10 p.m. CDT as solar generation declines.
  - August is expected to see a higher risk of tighter conditions in the evening hours (8-10 p.m.) relative to June and July due to:
    - Higher temperatures and higher loads forecasted for August.
    - Typical August wind generation is lower relative to July.
    - Solar generation is lower for the late afternoon into evening hours due to slightly shorter days.
- Summer weatherization and inspections are underway.
- ERCOT is conducting hurricane preparation with Market Participants.

**Key Takeaway:** ERCOT is working with Market Participants to conduct hurricane and summer preparedness.

# New Generation Since Last Summer



**Key Takeaway:** While demand continues to grow at record pace, new generation is coming onto the ERCOT grid.

# Reliability Roadmap

Contracts for Capacity for Summer 2024 (South Texas IROLs)  
**Summer 2024**

ECRS Changes NPRR1224 & NPRR1232 **Ongoing**

## Market Changes

Shadow Price Changes for Interconnection Reliability Operating Limits (IROLs) NPRR1230  
**Ongoing**

Performance Credit Mechanism Market Development  
**Ongoing**

Real-Time Co-optimization + Batteries (RTC+B) Development  
**2026**

Dispatchable Reliability Reserve Service Refinement NPRR1235  
**Implemented after RTC+B**

## Current Operations

Reliability Standard Development  
**August 2024**

Regional Reliability Report - Permian Basin Plan  
**Summer 2024**

Demand Response & Energy Efficiency Study  
**Summer 2024**

2024 Regional Transmission Plan  
**December 2024**

EHV Plan Development  
**December 2024**

## Planning

# Impact on ERCOT Capacity from EPA Rules

- In April, the Environmental Protection Agency (EPA) finalized several rules impacting coal and gas units, including the Greenhouse Gas Rule and the Mercury & Air Toxics Standards (MATS) Rule.
  - Greenhouse Gas Rule imposes much stricter CO2 emissions limits on existing coal and certain new gas units; limits based on carbon capture and sequestration (CCS) technology, which remains unproven.
  - MATS Rule significantly lowers mercury emissions limits for lignite units and particulate matter emissions limits for all coal units.
- Texas has joined other state groups challenging both rules in court.
- In support of the states' motion to stay the Greenhouse Gas Rule, ERCOT provided a declaration stating that the rule will likely lead to retirements of all coal-fired plants (13,600 MW total summer capacity) and constrain development of new natural gas-fired power plants, exacerbating reliability risks given forecasted load growth and need for dispatchable, unlimited-duration capacity.
- ERCOT provided a similar declaration in support of the states' motion to stay the MATS Rule, given impacts on coal units and especially lignite units (6,500 MW).
- Rulings on the stay motions are expected sometime this summer.

**Key Takeaway:** EPA's new rules threaten ERCOT's dispatchable generation fleet, raising a reliability risk. ERCOT will continue to support Texas's litigation efforts as requested.

# 2024 Innovation Summit





# Employee Recognition: Innovation Summit

## Keynote & Panels

- Dr. Steven Ashby
- Guillermo Bautista Alderete
- Kamran Ali
- Jesse Aragon de Galvez
- Maria Belenky
- Dag Bøye
- Casey Cathey
- Sirajul Chowdhury
- Garrett Crowson
- Erik Ela
- Jason Houck
- Daniel Johnson
- Jason Howard
- Michael Lee
- Julia Matevosyan
- Eithar Nashawati
- Dr. Thomas Overbye
- Achalesh Pandey
- Ravi Pradhan
- Deepak Ramasubramanian
- Xing Wang
- Dr. Le Xie

## Moderators

- Venkat Tirupati
- Jeff Billo
- Prabhu Gnanam
- Fred Huang
- Dave Maggio
- Ajay Mannepalli
- Kenneth Ragsdale

## Behind-the-Scenes

- Michael Alexander
- David Bailey
- Doug Basinger
- Marcos Benavides
- Robert Black
- Caleb Carroll
- Shad Chancey
- Penney Christian
- Scotty Clifton
- Bernie Corpus
- Oscar Garza
- Jose Hernandez Fierro
- Bryan Hanley
- Paul Huehlefeld

- Amy Lofton
- Olha Lyakhovets
- Mark Miner
- Jimmy Mizell
- Sam Mogerman
- Josh Neel
- Bharati Nepal
- Rachael Overbay
- Jayapal Parakkuth
- Christy Penders
- Jimmy Ramirez
- Emanuelle Romero
- Charlotte Schuster
- Jason Terrell
- Venkat Tirupati
- Zach Tufenkjian
- Trudi Webster
- Bradley Widner
- Gates Yager