



Item 5: CEO Update – **REVISED***

Pablo Vegas

President and Chief Executive Officer

Board of Directors meeting

ERCOT Public

June 18, 2024

**Slide 7 revised 6/12/2024; slide 9 revised 6/13/2024*

Overview

- **Purpose**

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

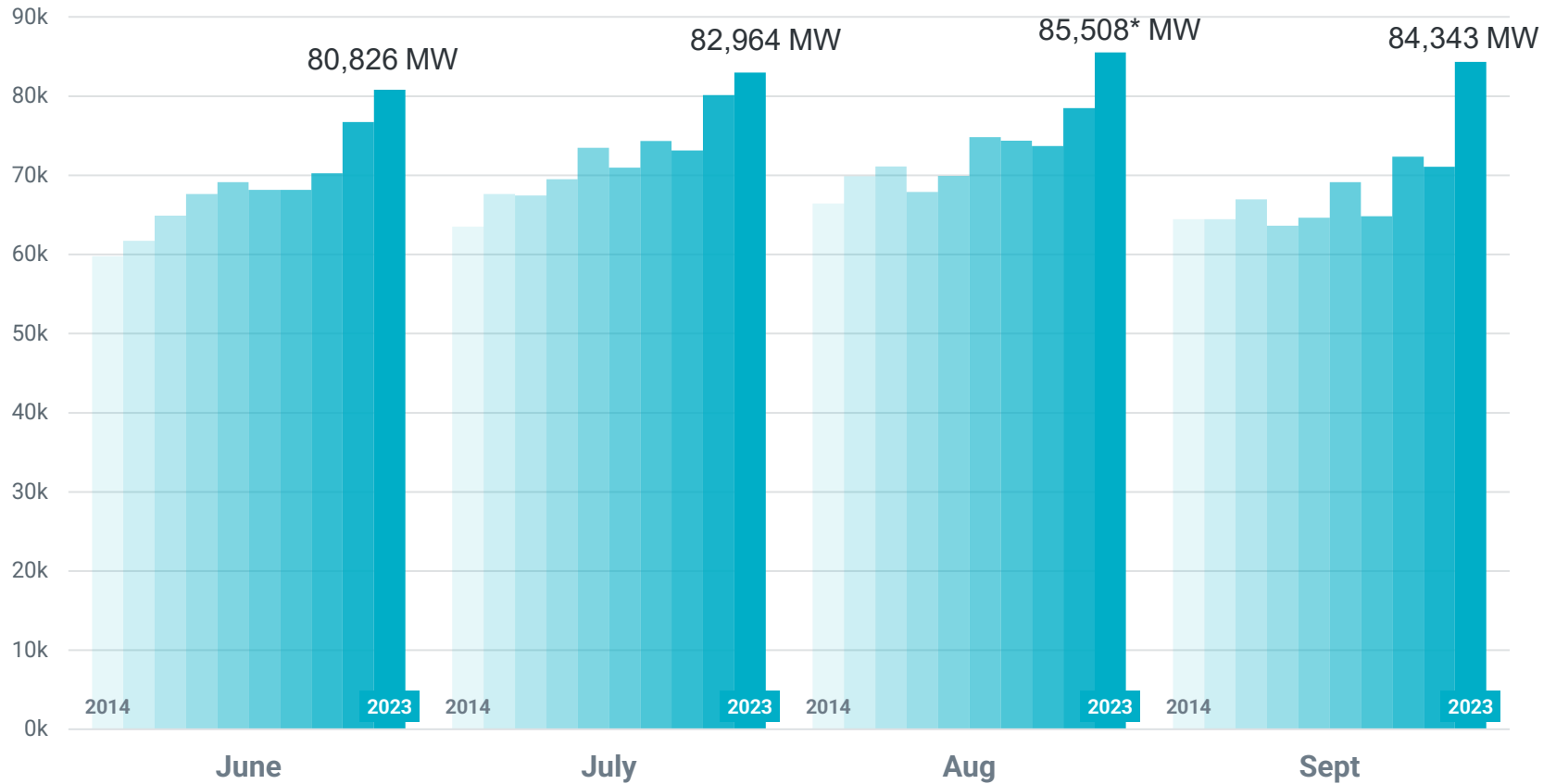
- **Voting Items / Requests**

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.



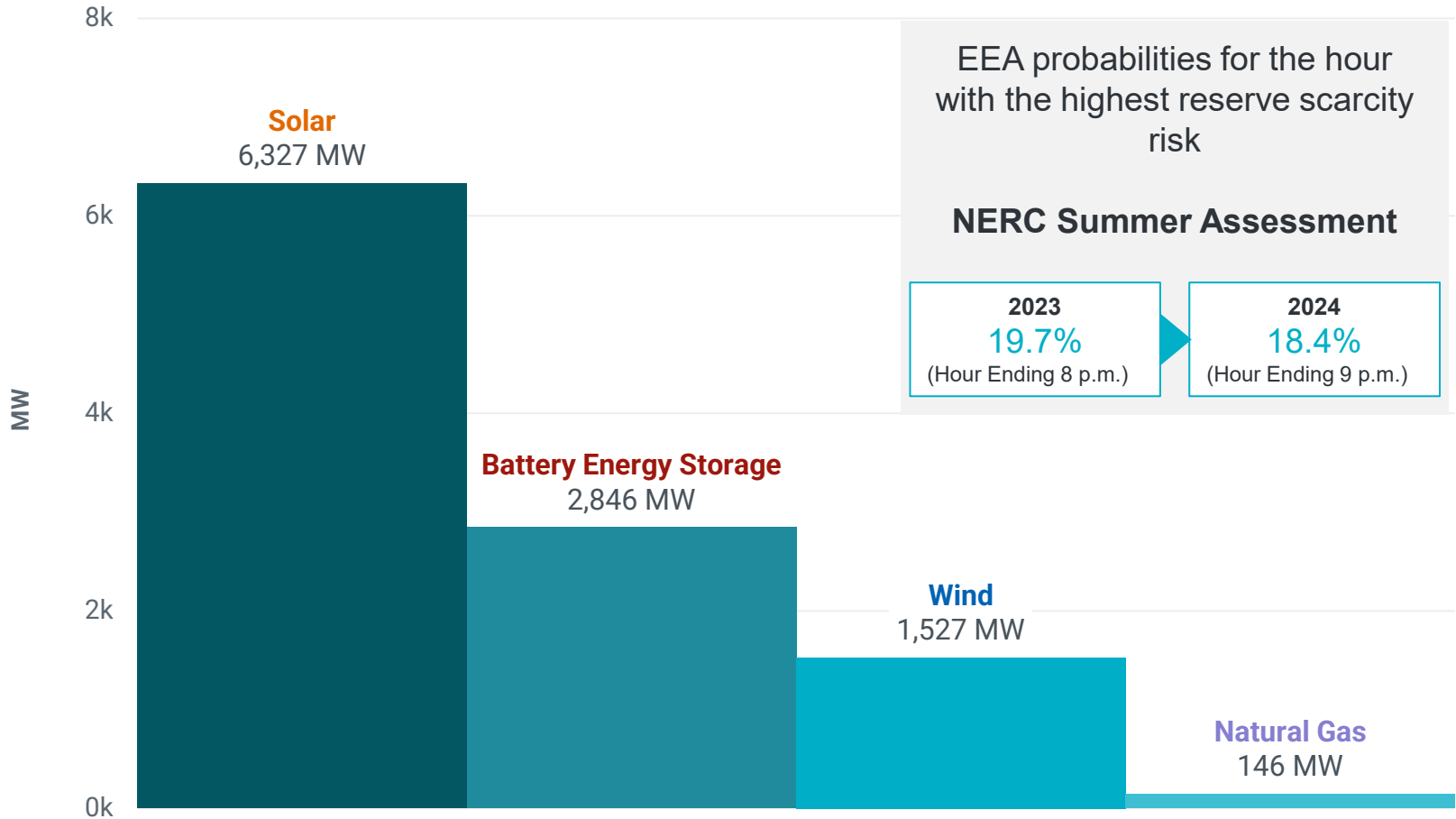
* Current all-time demand record

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

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

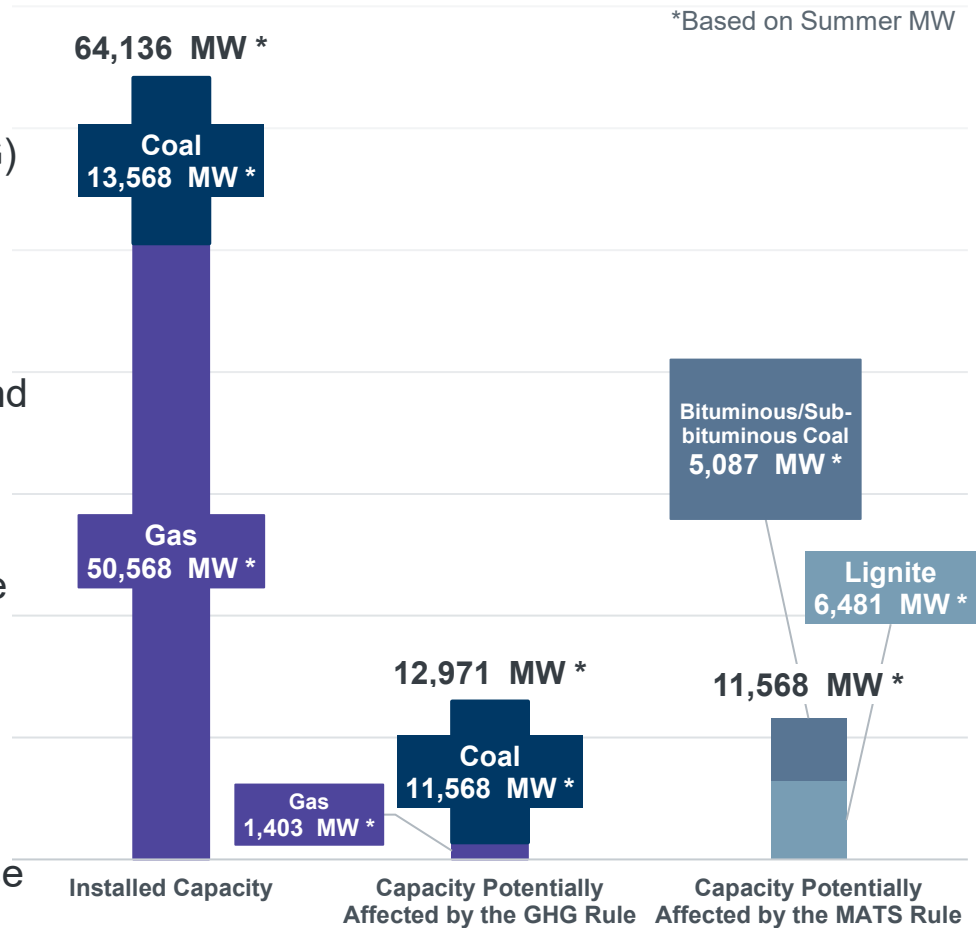
CURRENT OPERATIONS

PLANNING



Impact on ERCOT Capacity from EPA Rules

- On April 25, EPA finalized four new rules impacting coal and gas plants, including the Greenhouse Gas (GHG) Rule and a new Mercury and Air Toxics Standards (MATS) Rule.
- Greenhouse Gas Rule imposes significantly lower CO2 emissions limits on coal and gas-steam units and new baseload gas units.
- MATS rule establishes significantly lower mercury emissions limits for lignite plants and filterable particulate matter (fPM) limits for coal plants.
- In support of Texas' suit challenging the two rules, ERCOT provided a declaration noting concern of significant reliability impacts if coal units retire as a consequence of these rules.



Key Takeaway: EPA's new rules threaten ERCOT's dispatchable generation fleet, raising a reliability risk.

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
- Julie House

- 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