

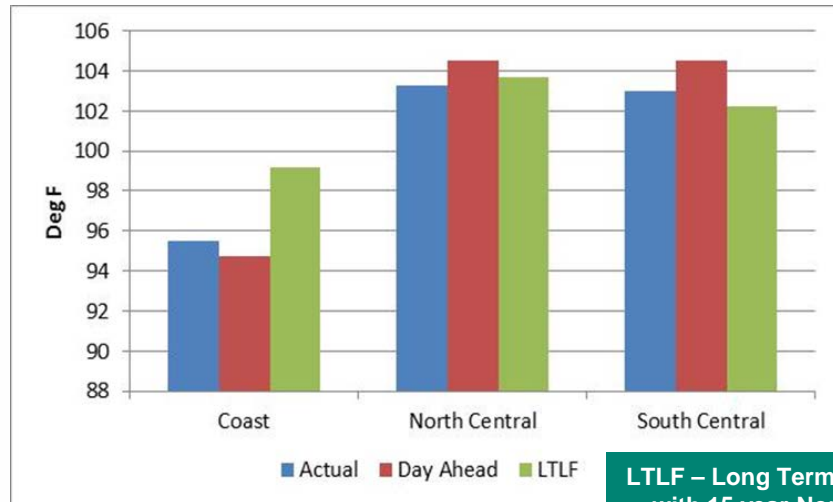
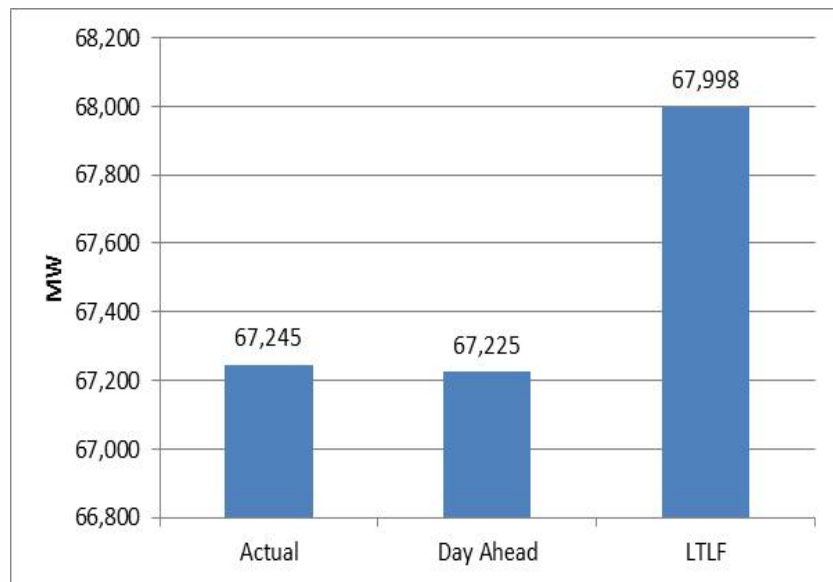


Quarterly Report

Trip Doggett
President & CEO
ERCOT

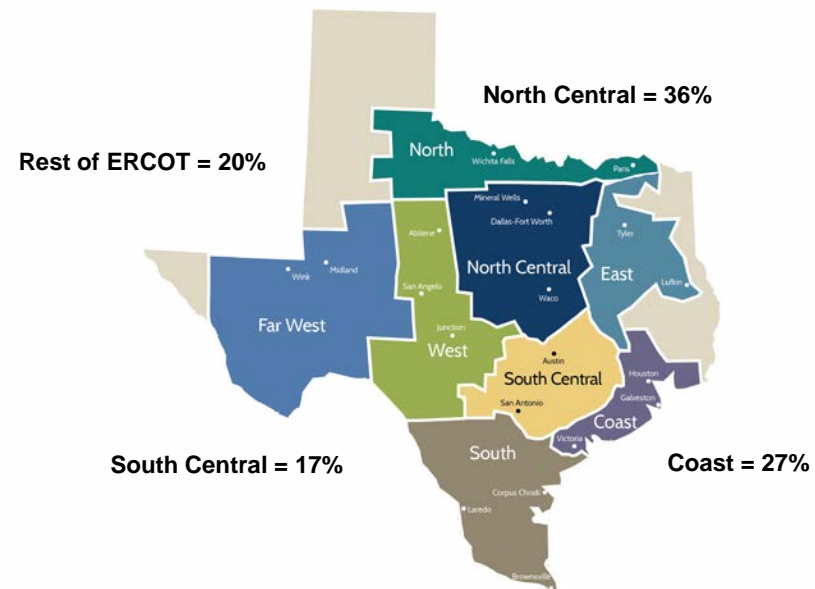
Texas Senate Business and Commerce Committee
October 15, 2013

2013 Summer Peak Demand (August 7)



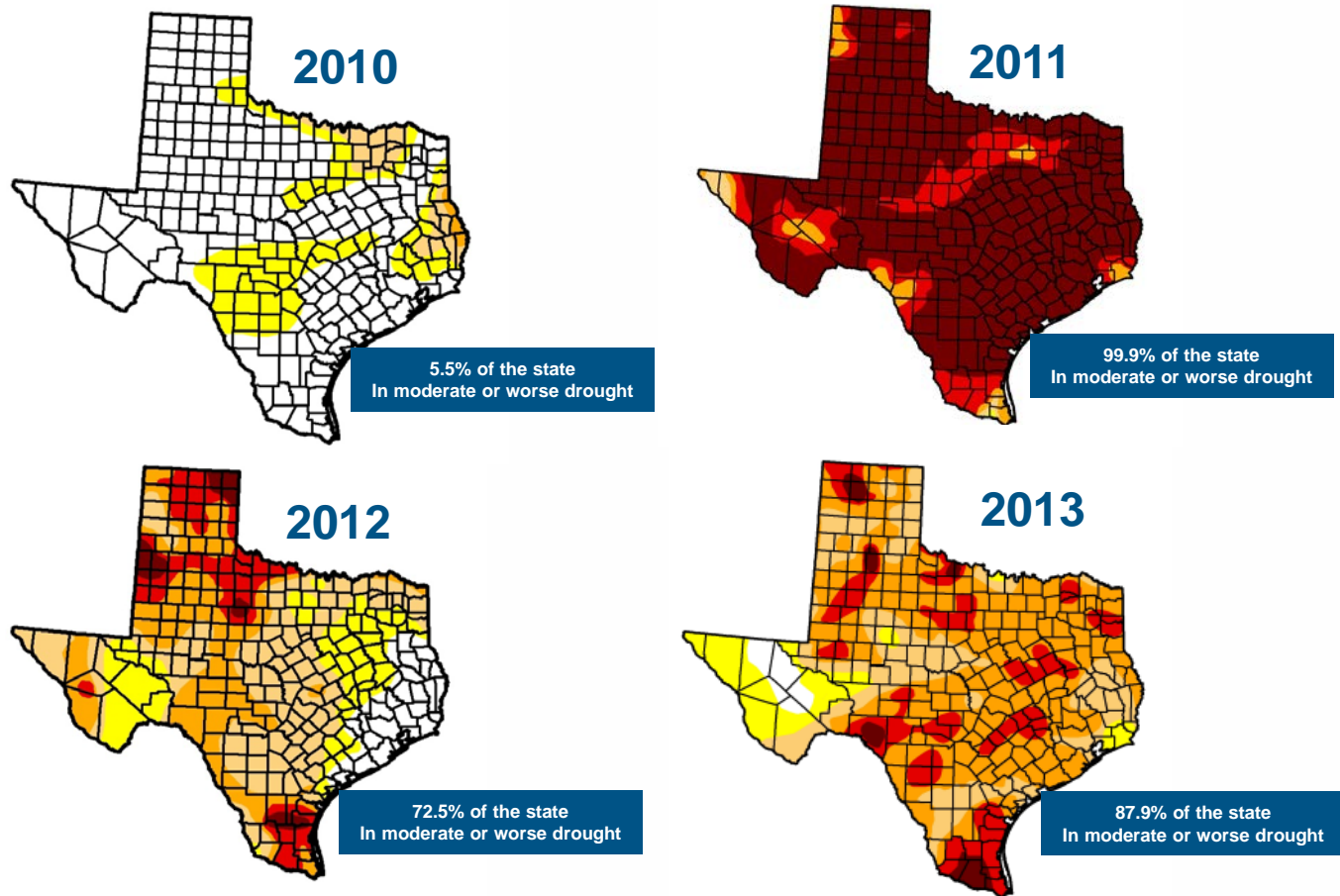
LTLF – Long Term Load Forecast with 15 year Normal Weather

Percent of Total ERCOT Load at 2013 Peak



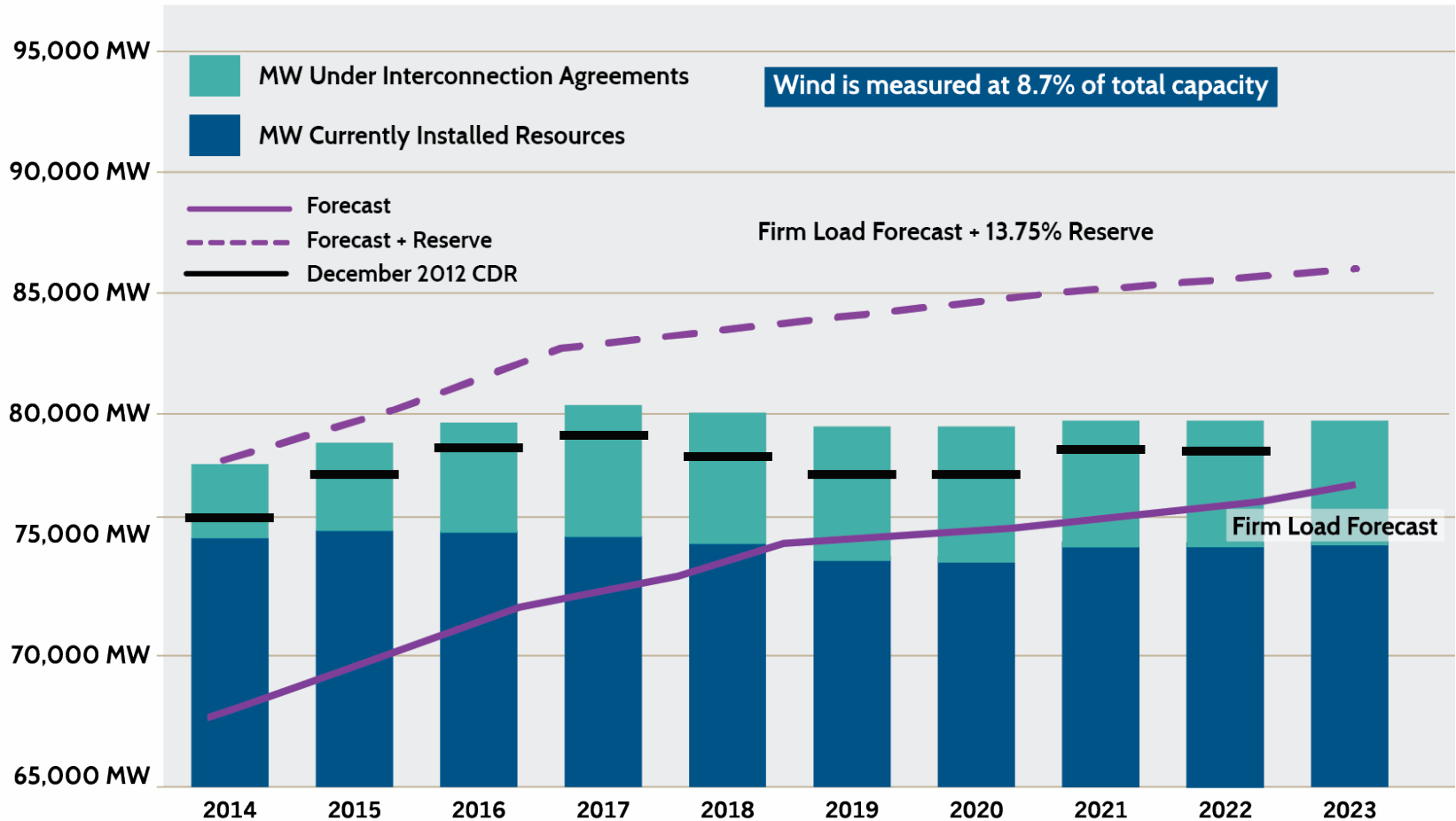
- North Central and South Central had normal temperatures at the time of 2013 peak. Coast was 4°F cooler.
- If Coast temperature had been 99°F, the 2013 peak demand would have likely exceeded 68,000 MW
- Under 2011 peak conditions, temperatures were at 103°F (Coast), 109 °F (North Central) and 109 °F (South Central)
- 2011 weather conditions in 2013 would have caused the load to likely exceed 70,000 MW

Comparing Late-August Drought Conditions



- Drought conditions will likely not improve for most regions in Texas
- Some regions (especially South, Central, and East) will likely experience worsening conditions
- The drought will have completed a third full year in October. It's currently worse than at this point last year
- Lack of El Niño combined with AMO+/PDO- continues to support this trend

Capacity, Demand and Reserves – May 2013 outlook



Potential Changes to Capacity, Demand Reserves Report

Target Reserve Margin

- Currently 13.75%
- Using a 1-event-in-10-years loss-of-load criteria leads to a target reserve margin of ~13.8 % to ~18.9% depending on assumed likelihood of 2011 weather conditions
- Stakeholder review led to a TAC recommendation of 16.1%
- ERCOT board requested additional analysis using latest available load forecast

Effective Load Carrying Capability (ELCC)

- Currently 8.7% of installed capacity for wind
- TAC recommended an ELCC of 14.2% for non-coastal wind resources and 32.9% for coastal wind resources

Load Forecasting

- New approach is expected to decrease model error and decrease reliance on historical data that is subject to revision
- Will remove impact of overly optimistic near-term economic growth forecast

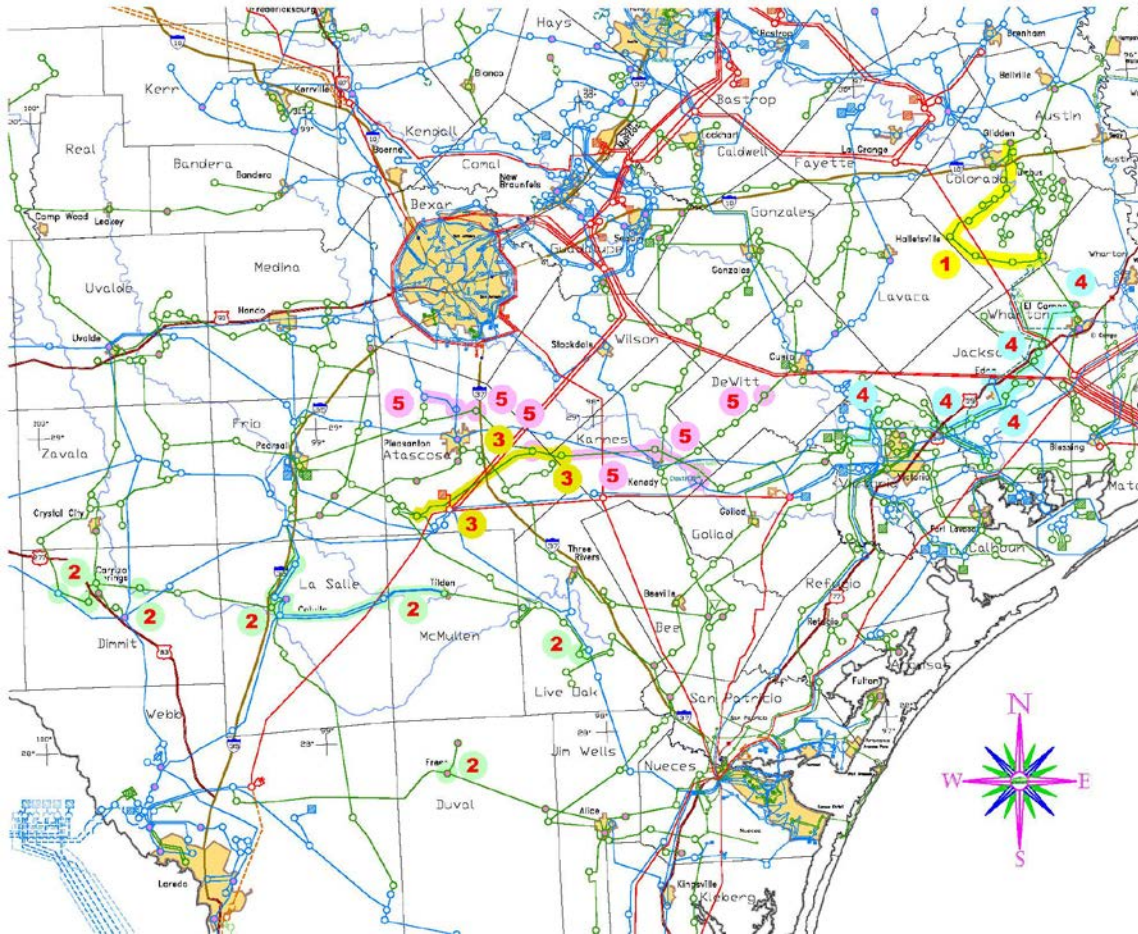
Recent Resource Adequacy Actions

- **ERCOT submitted NPRR 568 to implement Operating Reserve Demand Curve (ORDC) B+, as directed by the PUC**
- **Developing Emergency Response Services (ERS)**
 - ERCOT conducted a pilot of a 30-minute response service, and is now considering NPRR 564 to include the service in the Protocols
 - ERCOT recently completed a pilot of a “weather-sensitive load” ERS service, and will report on its findings at the November ERCOT Board meeting
- **Voltage Reduction Testing**
 - Testing completed this summer
 - Data is being analyzed and a report is targeted for end of 2013
- **ERCOT is implementing NPRR 520, which addresses SCED “over-mitigation” issues – to improve market pricing signals**

Load Resources in Security Constrained Economic Dispatch (SCED)

- **Legislators, PUC, and stakeholders have expressed a goal to integrate demand response (DR) into the ERCOT market**
- **Loads in SCED is currently targeted to go live in June 2014**
- **Load Resources in SCED**
 - Would allow DR to set prices by submitting 'up-to bids to buy'
 - Benefits:
 - Price-certain avoided cost of power at Load's strike price
 - Day-Ahead payment to Load if providing Non-Spin
 - Challenges:
 - Direct participation limited to Load-Serving Entities such as Retail Electric Providers (excludes third-parties except as technology partners)
 - Only a subset of DR resources are capable of responding to five-minute SCED base point instructions

Eagle Ford Shale Projects



Driver – Reliability Need to support new oil and gas load
Project Components:

1. Glidden-Colorado-Nada 69 kV upgrade project
2. Karnes Electric Cooperative-Medina Electric Cooperative load addition project
3. Coy City load addition project
4. El Campo-Vanderbilt load addition project
5. Karnes Electric Cooperative load addition project

Cost estimate = \$152.4M
Expected in-service – 2013-2017

What's next?

November 1, 2013

**Seasonal Assessment of Resource Adequacy (SARA):
Final for winter, preliminary for spring**

December 3, 2013

Capacity, Demand and Reserves (CDR) report

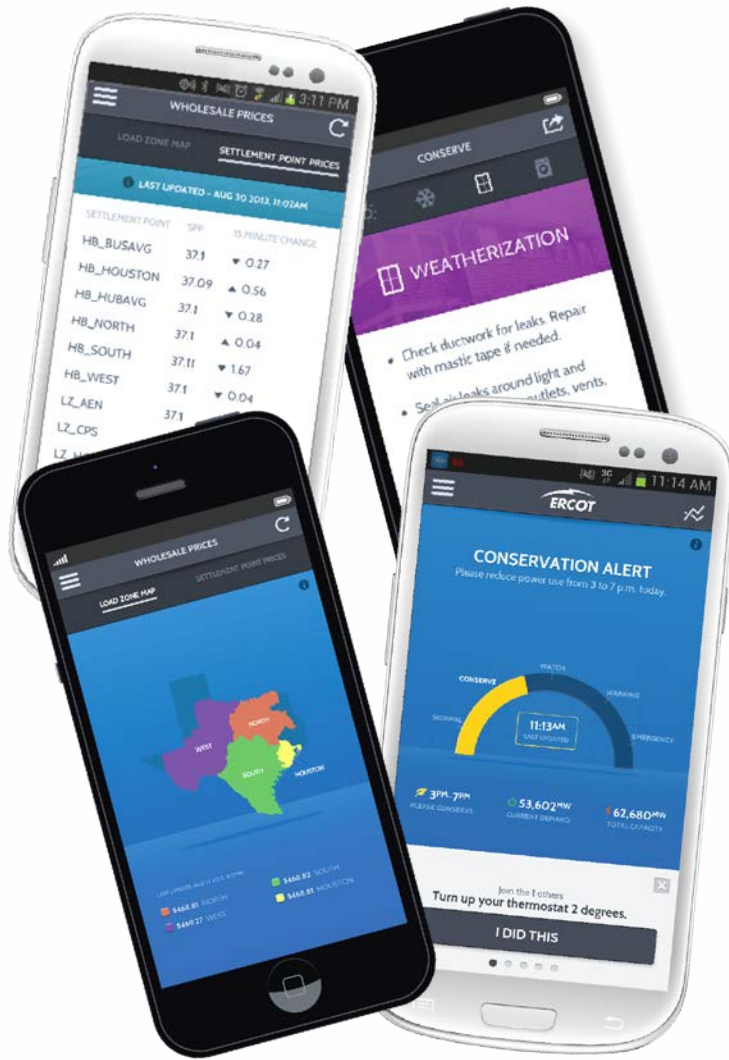
January 2014

**Demand and Energy report
Regional Transmission Plan
Constraints and Needs report
Brattle Report on Economically Optimal Reserve Margin**

March 2014

**Seasonal Assessment of Resource Adequacy (SARA):
Final for spring, preliminary for summer**

ERCOT Energy Saver app: The Next Generation



System operations

- Chart showing hourly demand and generation (Today's Outlook on landing page)
- Alternate chart with real-time demand and generation data (5-minute refresh)

Wholesale pricing

- Hub and load zone settlement point prices
- Map with four main load zone prices

Conservation tips

- Tips for appliance use, hot- and cold-weather practices and overall weatherization

Helpful information

- Quick Facts and Q&A, with links to Transmission Providers' websites
- Options for news releases, updates and sharing

Emergency alerts

- Continued push notifications, with interactive components (access to system conditions, reporting on conservation actions)