

# ERCOT Long-term Planning Worksheet

## I. Draft

### ERCOT Vision

(Board draft vision from 2/21 retreat)

The ERCOT vision is for consumers of this electrical market to enjoy a choice of electricity suppliers with excellence in reliability, transmission planning, and future generation. ERCOT's vision of the market is for open access that is attractive for new investments and relies on trusted information exchange. ERCOT will maintain and expand effective and trusted relationships with the state Public Utility Commission, the federal Electric Reliability Organization, the Texas Legislature, and all other related constituencies. ERCOT will create a workplace that is exciting and rewarding for all its employees.

## II.

Senate Bill 7 Responsibilities	What can ERCOT do better? Long-term goals?
A. Ensure open access to transmission and distribution systems. <ul style="list-style-type: none"><li>Compliance with protocols and operating guides</li><li>Completion of interconnection studies with generators and TDSPs.</li><li>Provide accurate and useful data on market conditions and resource activities</li></ul>	
B. Ensure system reliability. <ul style="list-style-type: none"><li>Real time grid operations</li><li>Congestion management</li><li>Energy and ancillary services</li><li>Compliance with reliability standards and protocols</li><li>Transmission studies and planning</li><li>Cyber security</li></ul>	
C. Ensure timely conveyance of information needed to support customer choice. <ul style="list-style-type: none"><li>Retail customer registration and market transactions</li><li>Retail data availability</li></ul>	
D. Ensure accurate accounting for electricity production and delivery. <ul style="list-style-type: none"><li>Wholesale settlements and billing</li><li>Wholesale data availability</li></ul>	

### III.

Issues at ERCOT	Short-term Concerns	Long-term Goals
<p>A. Texas Nodal Market Redesign</p> <ul style="list-style-type: none"><li>▪ Market participant implementation is completed timely and seamlessly</li><li>▪ Nodal features operate smoothly, as planned, with a minimum of PRRs and SIRs</li></ul>		
<p>B. Energy Policy Act</p> <ul style="list-style-type: none"><li>▪ RE performs its specific delegated responsibility without intrusion into or conflict with ERCOT protocols.</li></ul>		
<p>C. Market Monitor</p> <ul style="list-style-type: none"><li>▪ Commission rule is fully implemented with ERCOT providing data for well-defined monitoring processes</li></ul>		
<p>D. Market Power</p> <ul style="list-style-type: none"><li>▪ ERCOT executes market mitigation instructions per the PUC rule</li></ul>		

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<p>E. Resource Adequacy</p> <ul style="list-style-type: none"> <li>▪ Accurate information is available from ERCOT per PUC rule</li> <li>▪ Transmission studies are completed accurately and timely for industry and policy maker decisions</li> <li>▪ Load participation enabled per PUC rules</li> </ul>		
<p>F. Load Participation and Price Response</p> <ul style="list-style-type: none"> <li>▪ Barriers to Price Responsive load are identified and addressed per PUC rule</li> </ul>		
<p>G. Fees for Services</p> <ul style="list-style-type: none"> <li>▪ ERCOT System Administration Fee includes IMM</li> <li>▪ Separate Texas Nodal market redesign fee</li> </ul>		
<p>H. Compensation Philosophy</p> <ul style="list-style-type: none"> <li>▪ Compensation and benefit structure is adequate to attract and retain well qualified talent need to provided excellent service in each responsibility area.</li> <li>▪ Contractors are engaged for specific, time-limited capital projects and operating needs.</li> </ul>		
<p>I. Performance Metrics</p>		

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<p>J. Market Efficiency</p> <ul style="list-style-type: none"> <li>▪ Price Discovery - nodal prices by dispatch interval and by day ahead; also publishing hub prices by same – should we be doing more?</li> <li>▪ Transparency - nodal protocols for new level of transparency for network modeling and dispatch operations – are there additional areas needing transparency?</li> <li>▪ Transaction Costs - set by PUC and paid by QSEs – is QSE structure what we want going forward?</li> <li>▪ Credit - ERCOT will: 1) continue to work with the market to reduce credit exposure related to the mass transition process and 2) work to ensure that all significant credit issues related to the Nodal market are identified and addressed.</li> </ul>		
<p>K. Protocol Revisions</p> <ul style="list-style-type: none"> <li>▪ ERCOT will continue to look for ways to improve the protocol revision process.</li> </ul>		

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<p>L. Guidelines for Operating Excellence</p> <ul style="list-style-type: none"> <li>Goals, Performance Metrics, Monitoring - Dashboard goals are refined to reflect accordance with Service Level Agreements and Service Availability Standards with Market Participants and PUC</li> <li>Risk Management - ERCOT will continue to pursue a risk management program designed to identify, measure and monitor key risks impacting the organizations ability to achieve its objectives. Oversight by Finance and Audit with semi-annual Board status reporting will continue</li> <li>Internal Audit - ERCOT will maintain an Internal Audit capability sufficient to complete a risk-based audit plan approved by the Finance and Audit Committee. Audits requiring highly specialized skills will be outsourced but supervised by the Internal Audit department</li> </ul>		
<p>M. Investment Policy</p> <ul style="list-style-type: none"> <li>ERCOT will continue the practice of investing surplus funds in vehicles that yield satisfactory returns with minimal risk as prescribed by the Investment Policy.</li> </ul>		

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<p>N. Borrowing Amount (other than Nodal)</p> <ul style="list-style-type: none"> <li>▪ To minimize the cost of projects, ERCOT will pursue a phased approach to fund required capital projects (other than Nodal) from the administrative fee on a “pay as you go” basis.</li> </ul>		
<p>O. Criteria for Return on Capital Projects</p> <ul style="list-style-type: none"> <li>▪ ERCOT will invest in Capital Projects that have a positive CBA in excess of \$1M and have a break even period of less than 3(?) years. Quarterly reporting will be provided to the Board</li> </ul>		