

Texas Regional Entity Report

Larry Grimm
April 15, 2008

Texas RE Monthly Summary

- **For March.....**
 - Protocol & Operating Guides violations
 - No new violations
 - NERC Standards violations
 - No new alleged violations
 - Reportable events
 - 7 new events reported
 - 5 past events closed
 - Complaints
 - 1 complaint initiated
 - Audits
 - 3 entities audited
 - 4 entities issued audit reports
 - Mitigation Plans in progress for NERC Standards
 - 1 resulting from self-reporting violations
 - 6 resulting from self-certification violations
 - Settlements
 - 4 settlements in progress

Performance Highlights

- ERCOT's Control Performance Standard (NERC CPS1) score for March = 112.08
 - Performance Disturbance Control Working Group continues to perform some high level analysis of control performance during periods with low scores
- Initial scores for March indicate 34 non-wind-only QSEs passed and 1 failed the PRR 525 measure
- There are 11 active wind-only QSEs or sub-QSEs

More Texas RE Activities

- Continue to fill vacant positions
 - Net filled in February – 3
 - Net filled in March – 1
 - Vacancies as of April 1st – 3
- Statutory & Non-Statutory Budget preparation
- Texas RE Staff (Susan & Larry) scheduled to visit with FERC Senior Staff on April 29th
- Updating/Revising PUCT-approved ERCOT Compliance Process (for monitoring & reporting ERCOT Protocols & Operating Guides compliance)
- Completed and distributed the first edition of the Texas RE newsletter, “*The Texas REview*”

2009 Texas RE Budget Development Schedule

- April 15 – Review Preliminary Draft of 2009 Budget at F&A Committee
- May 1 – F&A Committee Special Meeting (if necessary)
- May 9 – Draft #1 of Business Plan & Budget (BP&B) due to NERC
- May 20 – F&A Committee & Board Discussion of Draft #1 of BP&B
- May 21 – Open Meeting Presentation of Proposed Texas RE BP&B
- May 30 – Draft #2 of BP&B due to NERC
- June 17 – Texas RE Board Approval of Texas RE BP&B
- July 9 – Final Texas RE Board-Approved BP&B due to NERC

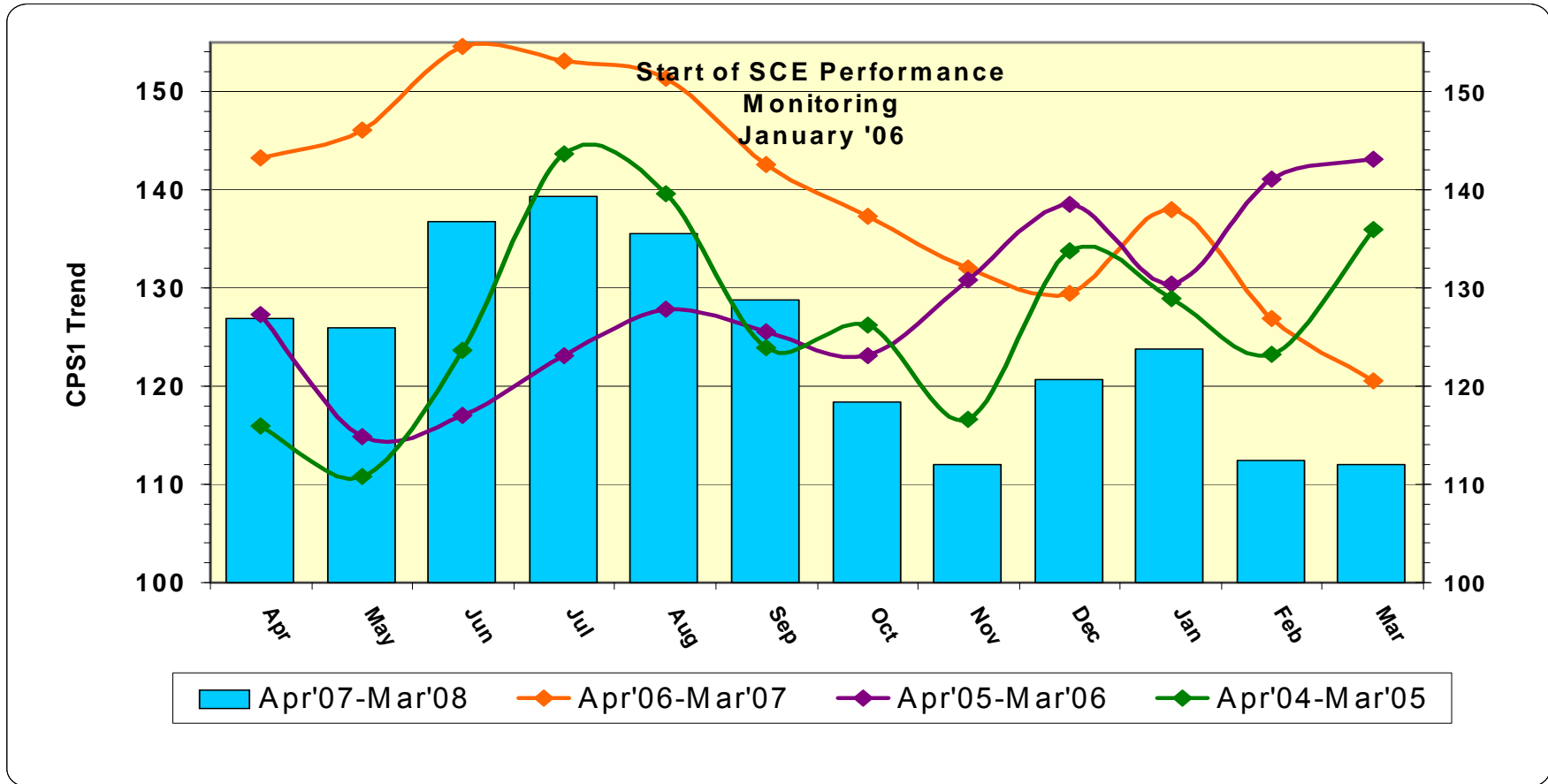
Texas Regional Entity

Report Details

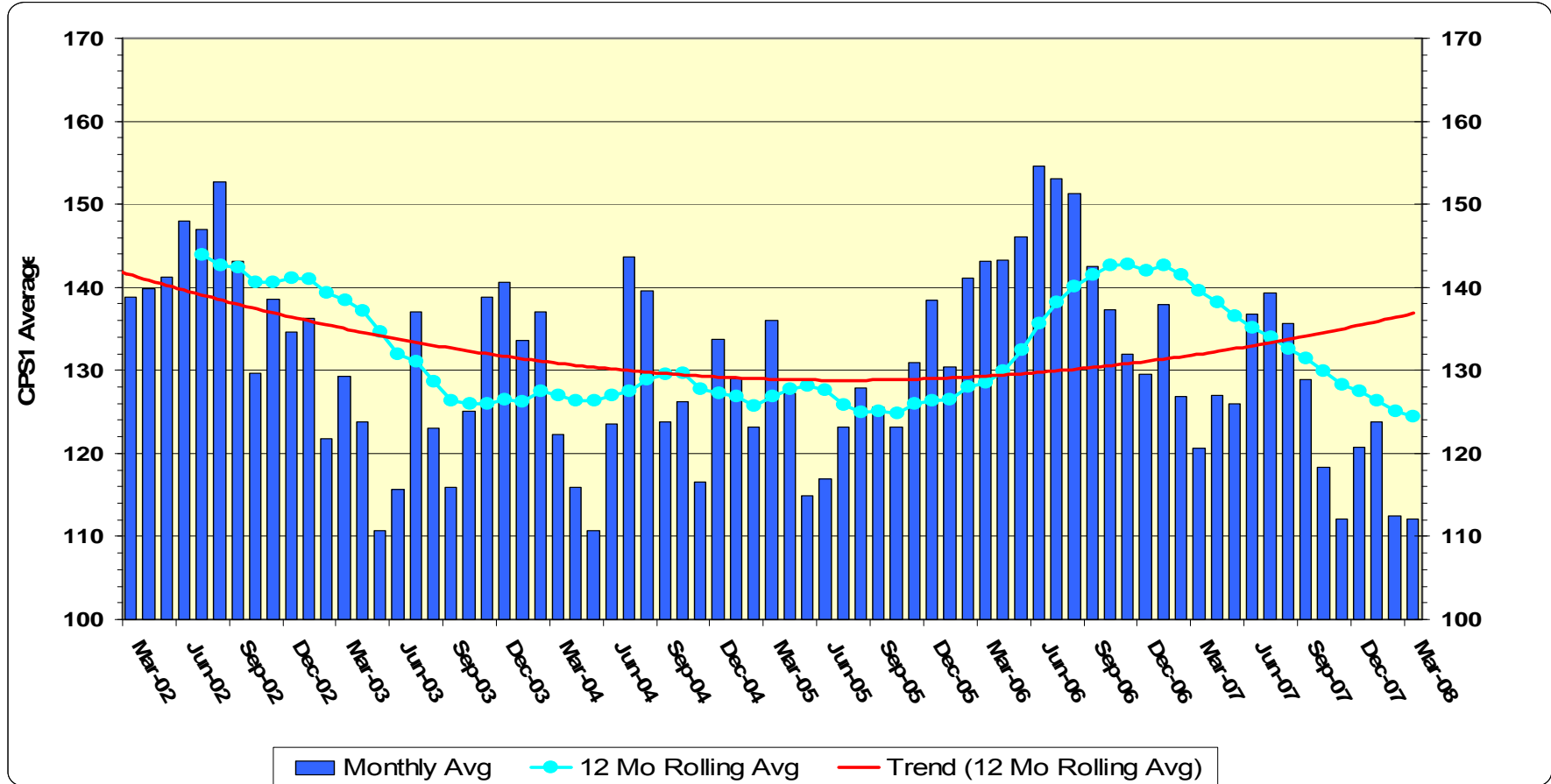
NERC CPS1 Performance

- ERCOT's CPS1 Performance
 - March Performance
 - Monthly comparison
 - ◆ 2008: 112.08
 - ◆ 2007: 120.59
 - 12 month rolling average comparison
 - ◆ April 2007 → March 2008: 124.42
 - ◆ April 2006 → March 2007: 139.59
- PRR 525 Performance
 - Scores posted on the ERCOT Compliance Website
 - [SCE Performance Scores](#)

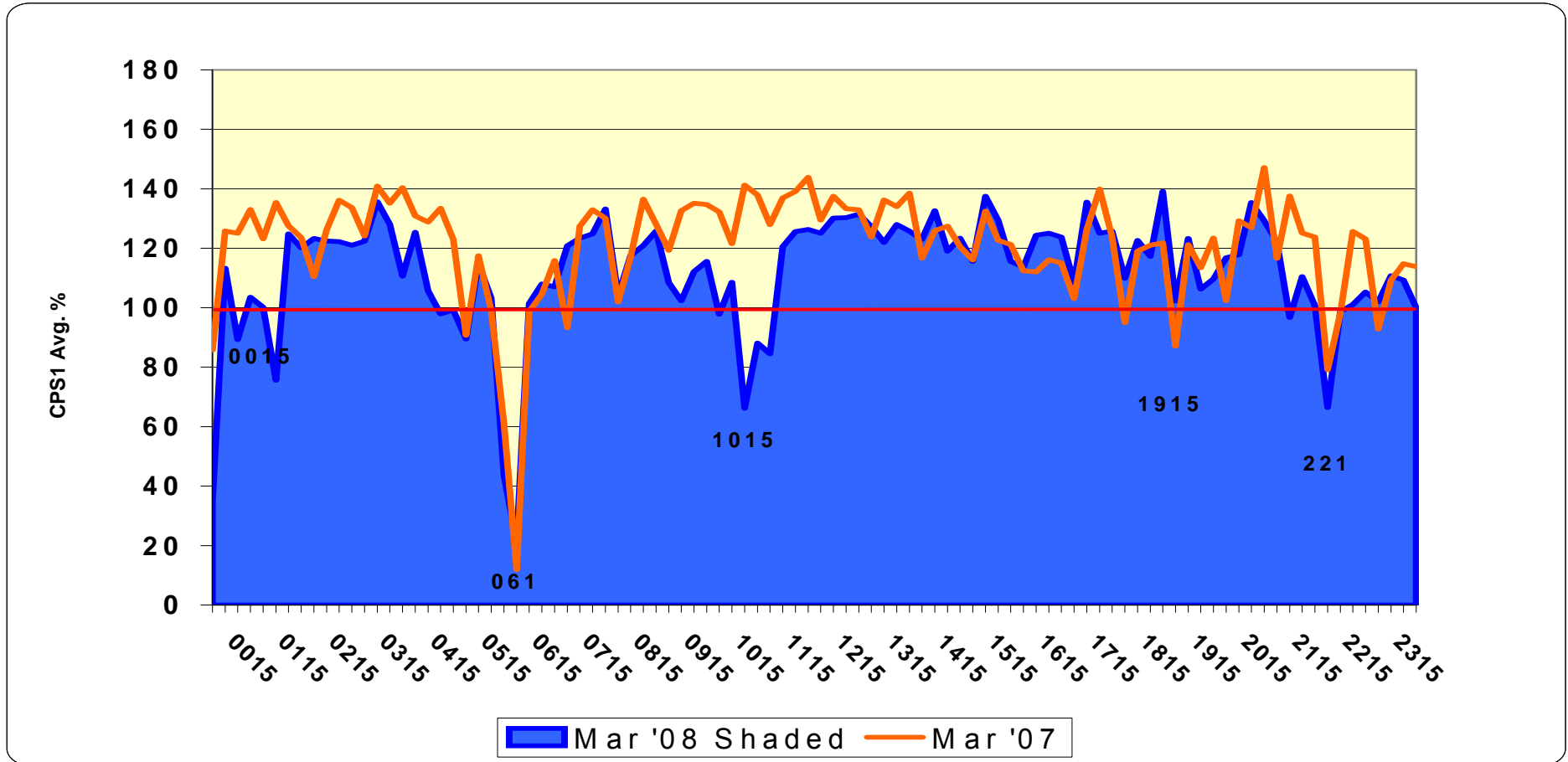
ERCOT CPS1 Performance Comparison



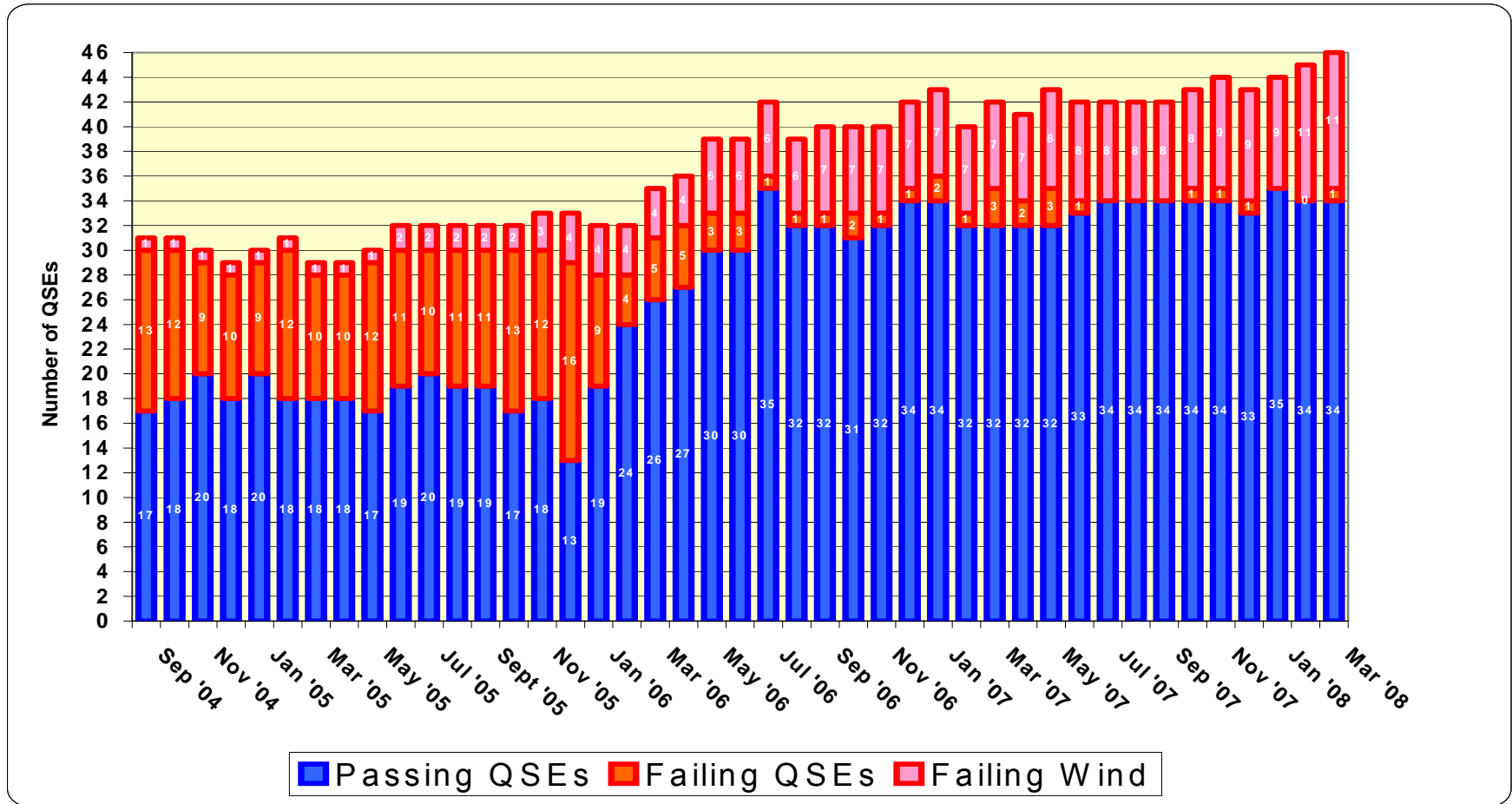
ERCOT's CPS1 Monthly Performance



ERCOT CPS1 by Interval



QSE PRR 525 10-Minute Interval Scoring



March 2008 Resource Plan Performance Metrics

Resource Plan Performance Metric	ID																												
	JG	DK	BT	DE	IP	HP	AP	AO	HA	BY	BC	JA	AY	AM	AR	BR	HJ	DF	BP	CI	AE	AD	BJ	BH	JD	CF	ET	DA	GR
Resource Status	-	100	-	99	100	-	100	99	100	100	100	100	99	99	100	96	-	100	100	97	-	100	99	-	100	100	100	100	-
LSL as % of HSL	-	95	-	91	100	-	100	95	90	99	100	99	100	100	98	90	-	100	99	100	-	99	98	-	100	100	100	99	-
DA Zonal Schedule	-	100	99	100	100	100	100	100	100	100	100	100	98	100	100	100	100	100	100	77	-	86	100	100	100	100	100	95	99
AP Zonal Schedule	100	98	95	98	100	-	100	100	98	99	99	99	99	100	99	97	98	98	100	96	-	97	99	98	100	100	43	99	99
Down Bid & Obligation	99	90	95	94	100	-	92	97	87	99	99	99	99	99	97	100	99	98	99	98	-	96	97	99	94	99	98	94	100
Total Up AS	-	-	-	100	-	-	100	100	100	97	97	100	99	98	100	98	-	97	-	-	96	-	-	-	99	99	98	95	-

Resource Plan Performance Metric	ID																											
	GS	BF	BE	DP	EU	FX	JH	JI	JJ	JC	BG	CX	FK	HW	EL	IN	IZ	BX	CC	JE	CD	FS	AC	CQ	IV	CR	IO	FY
Resource Status	-	-	-	100	100	-	-	-	-	-	100	99	100	100	-	100	100	100	100	-	99	100	100	100	-	-	100	-
LSL as % of HSL	-	-	-	100	100	-	-	-	-	-	99	100	90	97	-	100	97	100	100	-	92	100	-	96	-	-	-	-
DA Zonal Schedule	97	100	100	100	100	-	-	-	-	100	97	100	99	100	100	100	98	99	100	100	100	-	99	100	100	-	-	
AP Zonal Schedule	99	99	100	99	100	100	100	100	100	99	99	99	99	98	-	99	99	99	98	100	99	100	-	99	100	-	-	-
Down Bid & Obligation	100	99	97	94	100	99	100	100	99	100	100	98	100	100	-	99	99	99	92	98	93	-	-	99	98	-	-	-
Total Up AS	-	-	-	99	100	-	-	-	-	-	99	99	98	95	-	96	98	100	99	-	100	-	-	99	-	-	-	91

4 Consecutive Failing Scores
 3 Consecutive Failing Scores
 2 Consecutive Failing Scores
 1 Failing Score

Registration Activities

- Entity Registration issues continue to be addressed and are being resolved
- Load-Serving Entity (LSE) registration issues being addressed
 - NERC submitted a LSE compliance Filing on March 4th proposing a two-step process to address a potential reliability gap that would result by not registering retail power marketers
 - Short-term step – changes to NERC’s Registry Criteria to define “Non-Asset Owning LSEs” as a subset of LSEs
 - Longer-term step – determine changes necessary to terms and requirements in Reliability Standards
 - ◆ LSE and Compliance Workshop scheduled on April 15th to identify and address issues
 - FERC issued its Order on April 4th accepting the procedural aspects of NERC’s plan
- Joint Registration Organization (JRO) of some entities remains likely

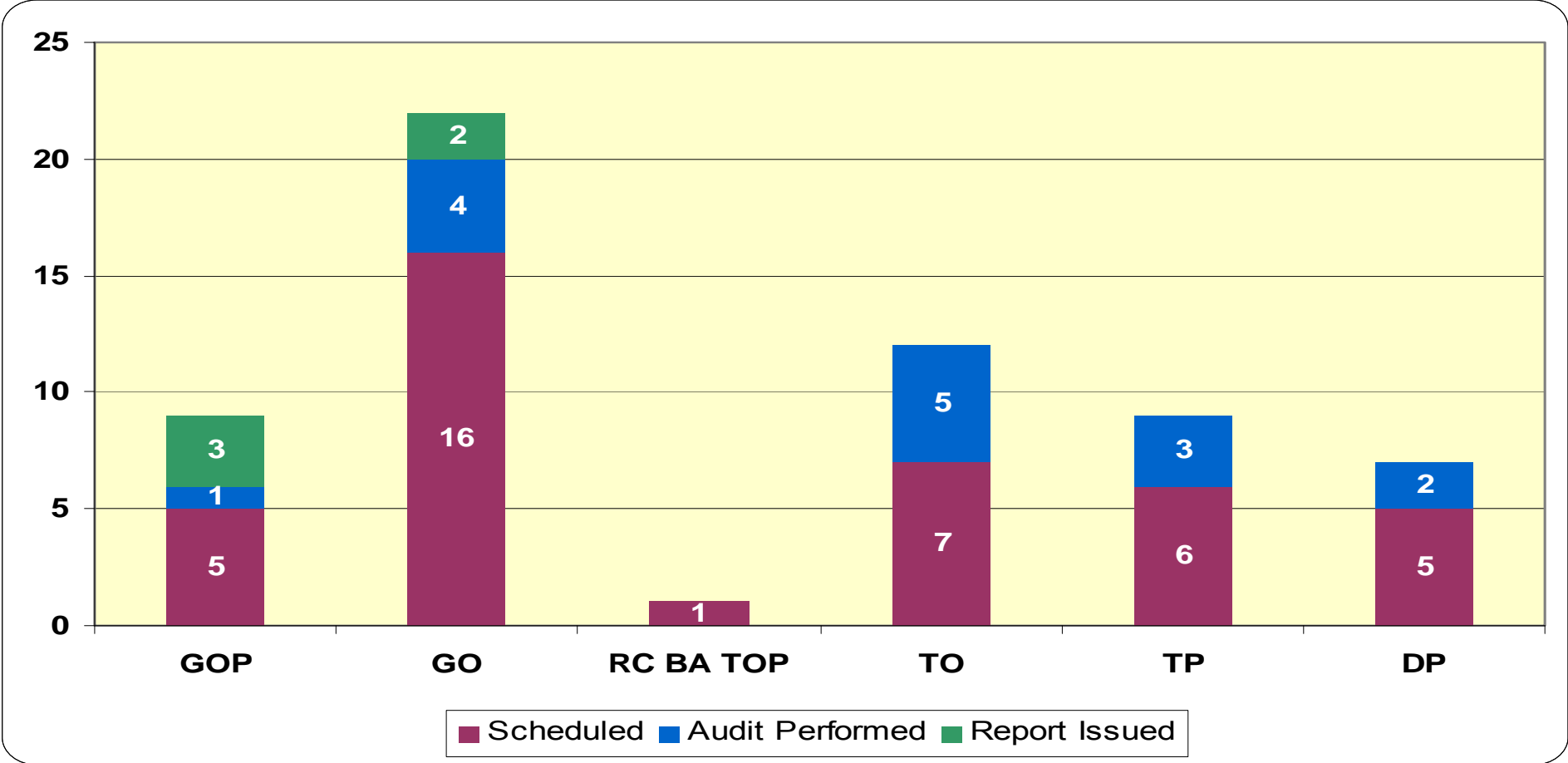
NERC Functional Entity Types

- DP – Distribution Provider
- GO – Generator Owner
- GOP – Generator Operator
- TO – Transmission Owner
- TP – Transmission Planner
- PSE – Purchasing-Selling Entity
- LSE – Load-Serving Entity
- RC – Reliability Coordinator
- BA – Balancing Authority
- TOP – Transmission Operator
- PA – Planning Authority
- TSP – Transmission Service Provider
- RP – Resource Planner

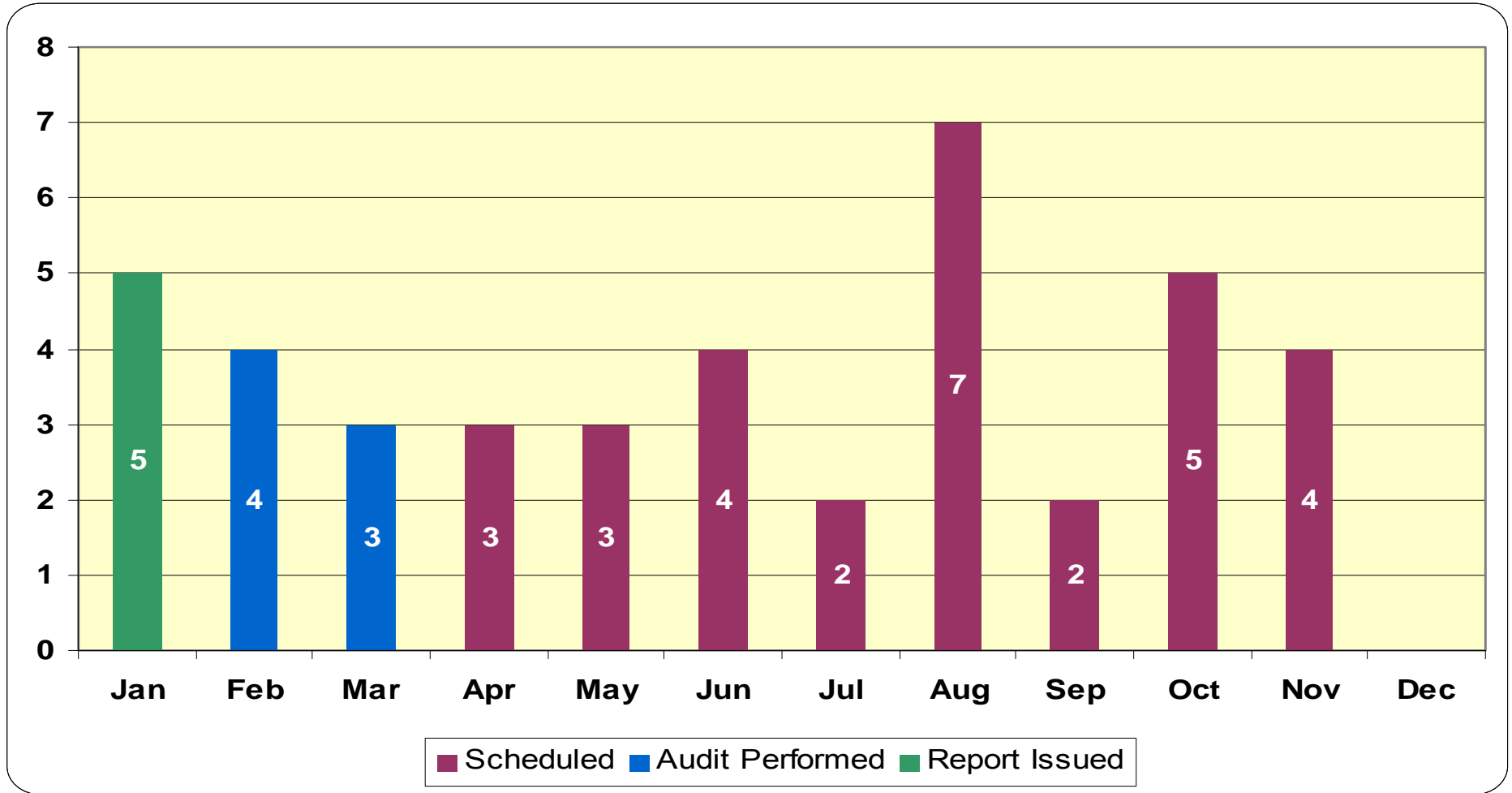
Compliance Process Flowcharts

- NERC Compliance Monitoring and Enforcement Program – Reliability Standards
 - [Link to NERC Reliability Flowcharts](#)
- ERCOT Compliance Process – ERCOT Protocols and Operating Guides
 - [Link to Protocols & Guides Flowcharts](#)

2008 Audits by Registered Function



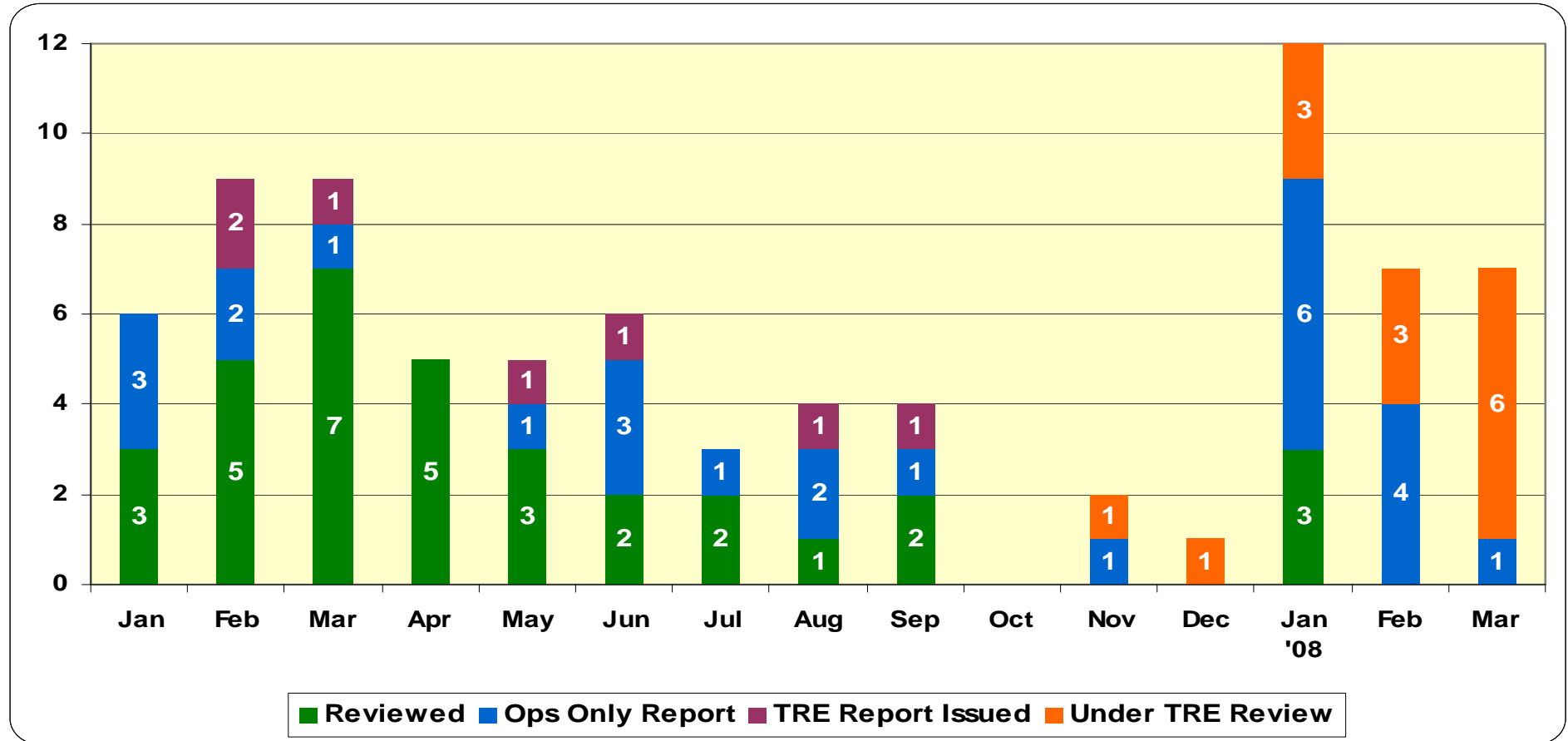
2008 Compliance Audits Scheduled by Entity



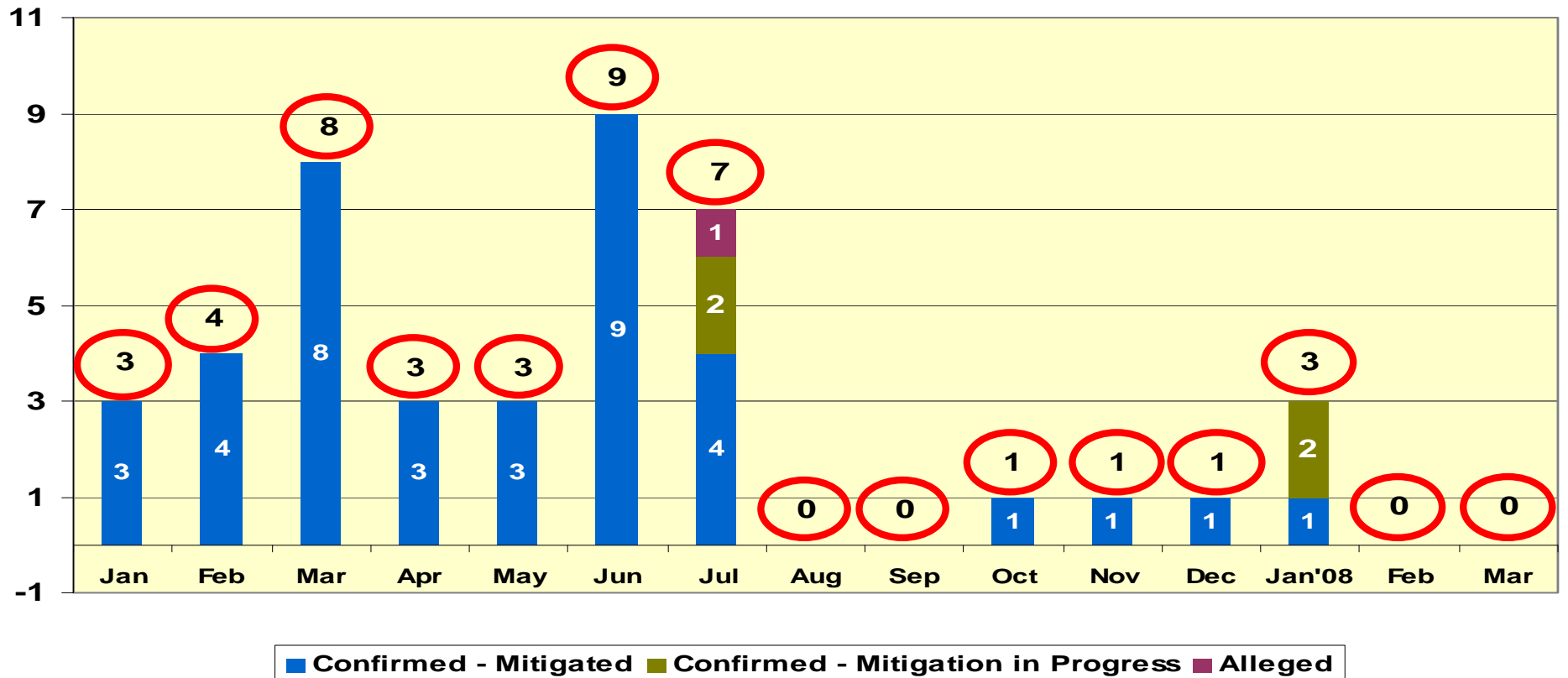
2008 Audit Schedule

- The 2008 Texas RE Audit Schedule is available [here](#).

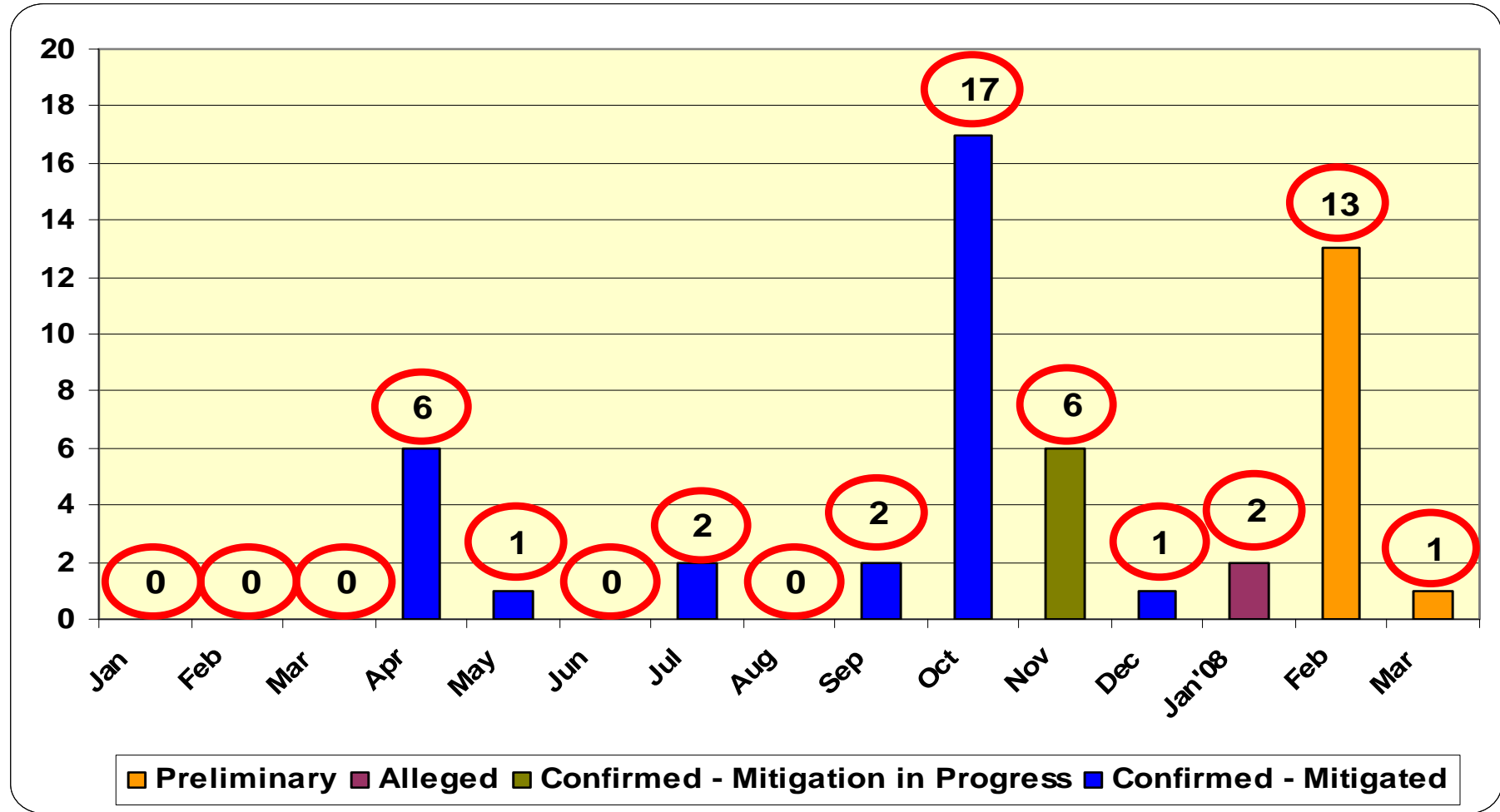
Compliance Reviews of Events by Month



Violations of ERCOT Protocols



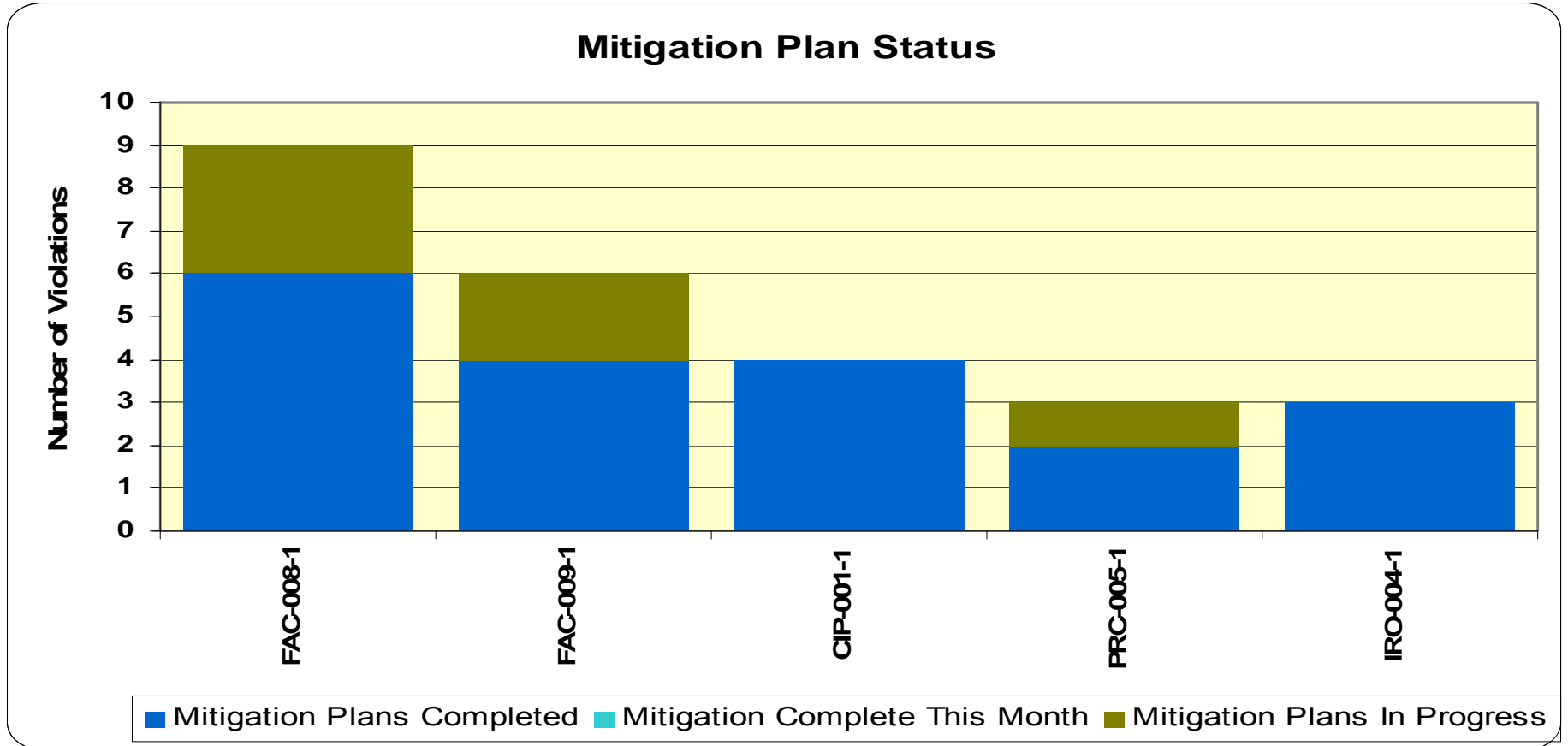
Violations of NERC Standards Reported by Month



NERC Standards Self-Certification

- NERC Registered Entities not audited in 2007 required to self-certify to the actively monitored Reliability Standards applicable to their Registration(s)
 - 279 Total Registered Functions
 - 25 violations identified
 - 9 FAC-008 – lack documented process (3 GOs)
 - 6 FAC-009 – lack documented process (3 GOs)
 - 4 CIP-001 – lack documented process (1 GOP)
 - 3 IRO-004 – lack documented process (2 GOs; 1 GOP)
 - 3 PRC-005 – relay maintenance delinquent (1 TO; 2 GOs)

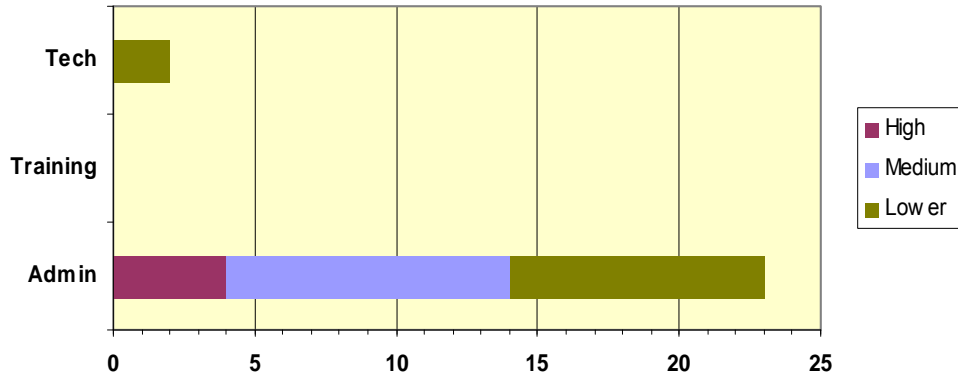
NERC Standards Self-Certification Violation Status



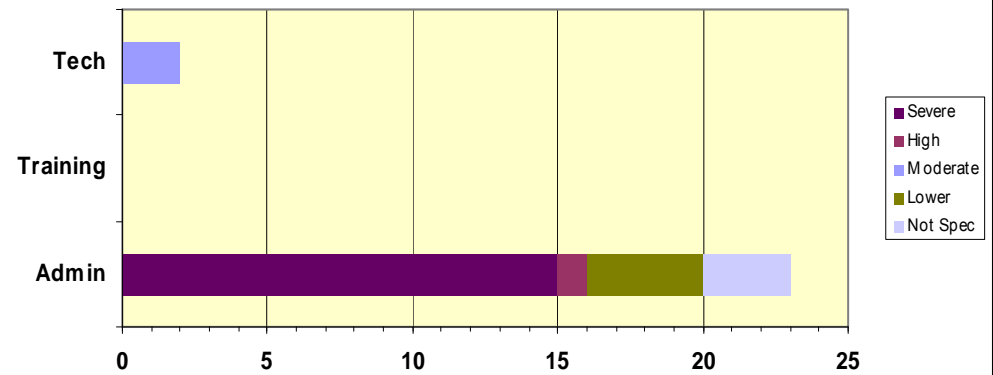
NERC Standards Self-Certification Violation Details

Std	Qty	Req'mt	VSL	VRF	Time Horizon	Impact	Category
PRC-005	2	R2	Moderate	Lower	LT Plan	Minimal	Tech
PRC-005	1	R1.1	Lower	High	LT Plan	Minimal	Admin
FAC-008	3	R1	Severe	Lower	LT Plan	Minimal	Admin
FAC-008	3	R2	Severe	Lower	OP Plan	Minimal	Admin
FAC-008	3	R3	Severe	Lower	OP Plan	Minimal	Admin
FAC-009	3	R1	Severe	Medium	LT Plan	Minimal	Admin
FAC-009	3	R2	Severe	Medium	LT Plan	Minimal	Admin
IRO-004	3	R4	Not Spec	High	OP Plan	Minimal	Admin
CIP-001	1	R1	Lower	Medium	LT Plan	Low	Admin
CIP-001	1	R2	Lower	Medium	LT Plan	Low	Admin
CIP-001	1	R3	High	Medium	LT Plan	Low	Admin
CIP-001	1	R4	Lower	Medium	LT Plan	Low	Admin
Total	25						

Violation Risk Factors



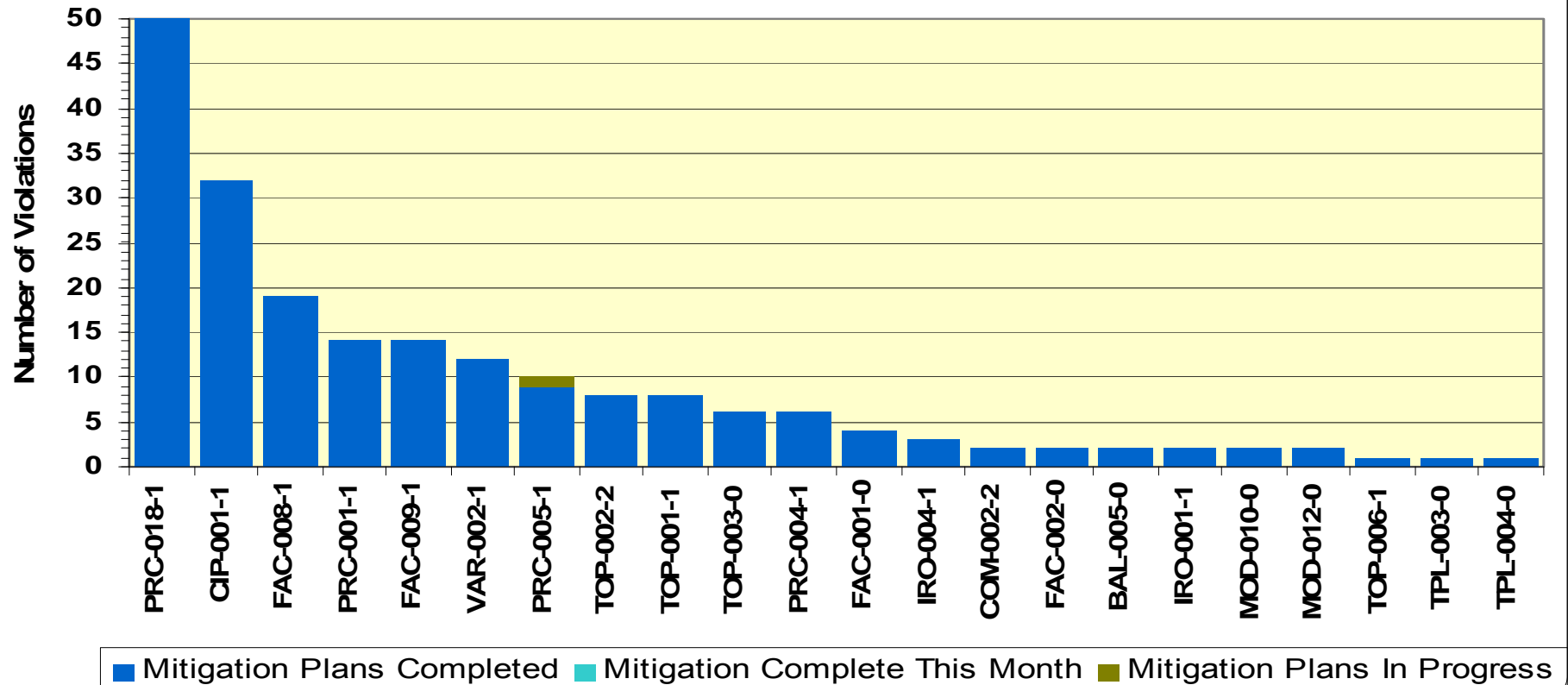
Violation Severity Level



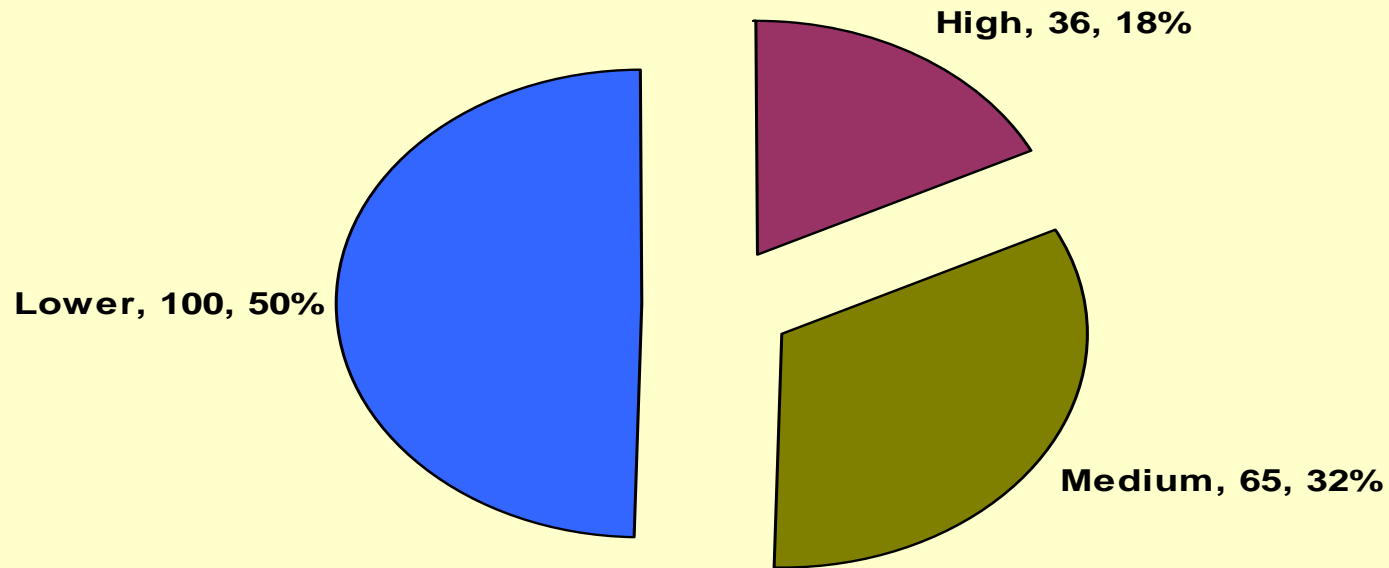
NERC Standards Self-Reported Violations

Pre-June 18th

Mitigation Plan Status

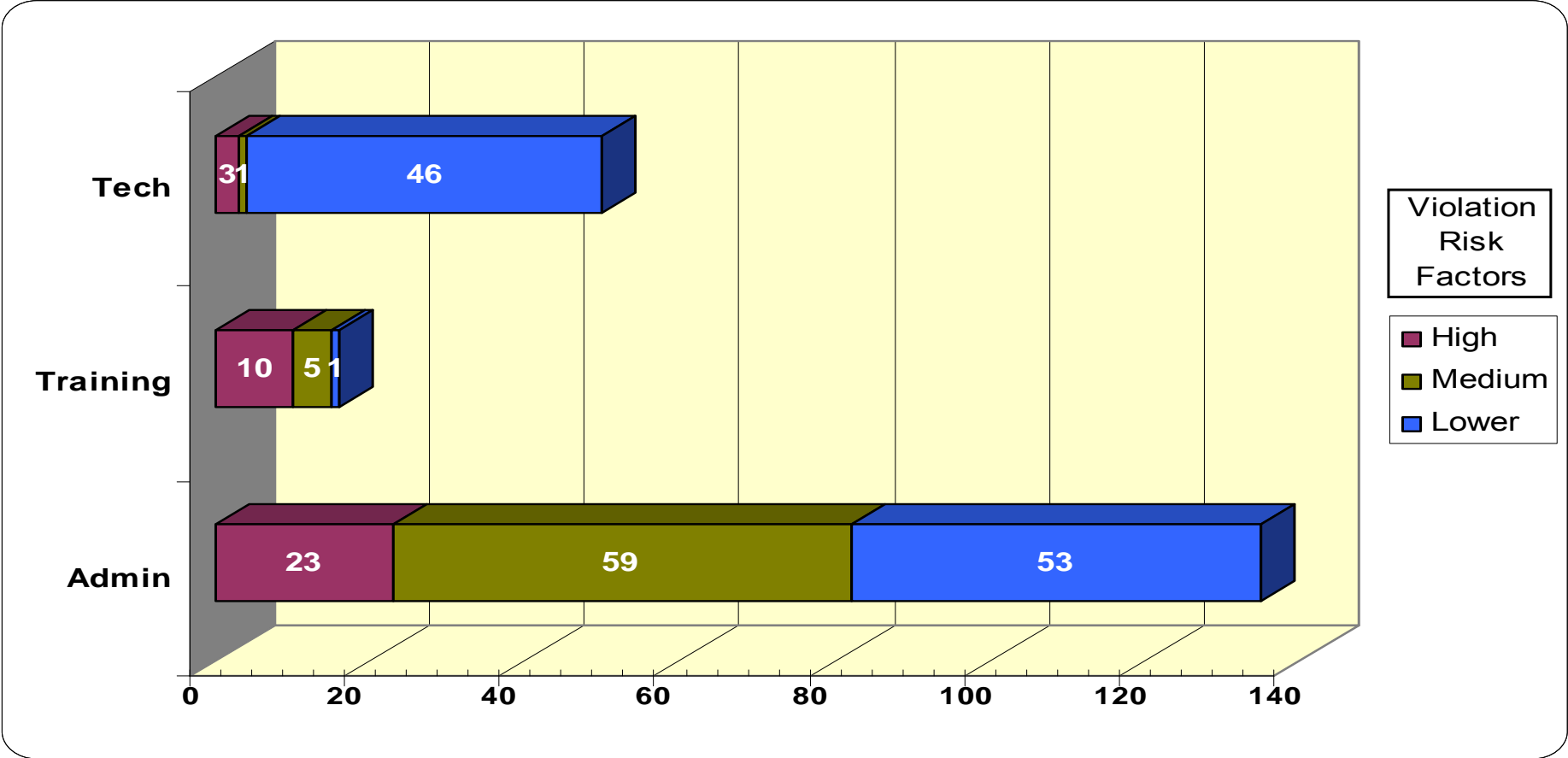


Risk Factors for Self-Reported NERC Standards Violations Pre-June 18th



Risk Factors are being assigned to each NERC Standard as part of the Standard Development Process

NERC Standards Self-Reported Violation Categorization Pre-June 18th



Texas Regional Entity

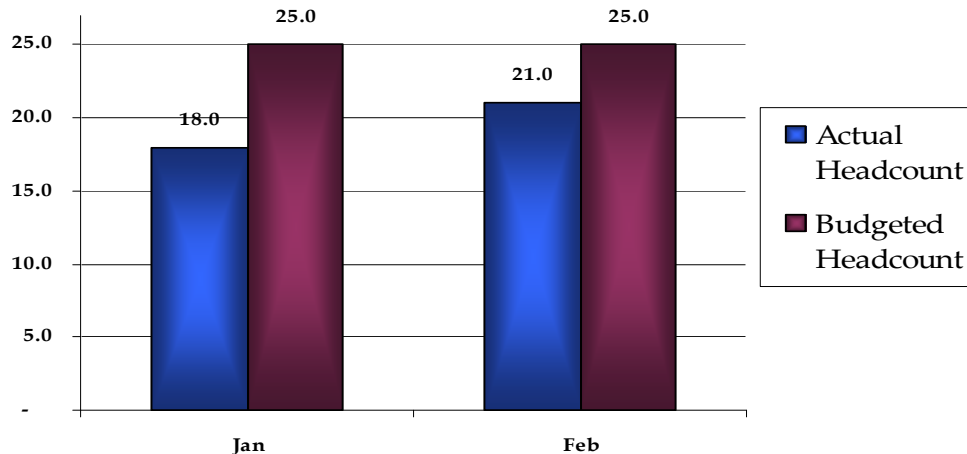
February & Year-to-Date February Financial Overview

February & YTD February Actual Workforce

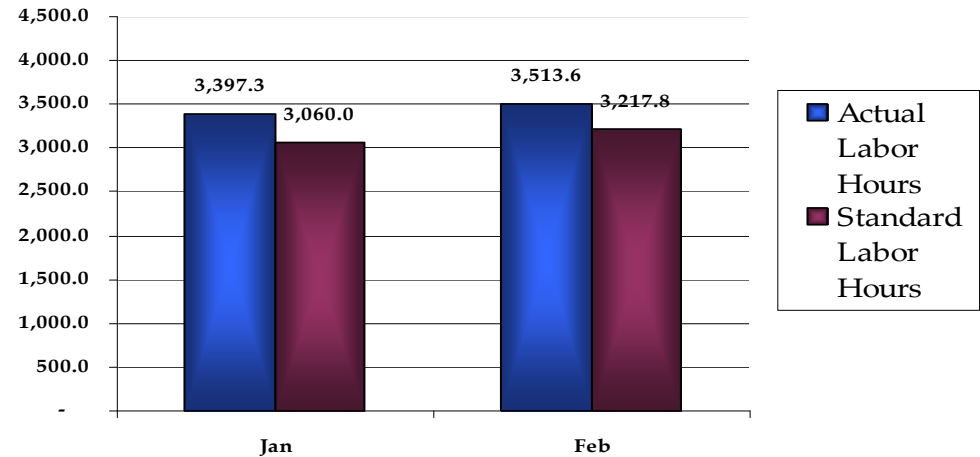
Texas Regional Entity Headcount Statutory & Non-Statutory Combined For The Month Ended February 29, 2008

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Headcount	18.0	21.0										
Budgeted Headcount	25.0	25.0										
Variance Under/(Over)	7.0	4.0										
Actual Labor Hours	3,397.3	3,513.6										
Standard Labor Hours	3,060.0	3,217.8										
Variance Under/(Over)	(337.3)	(295.8)										

Texas Regional Entity - Workforce Exhibit

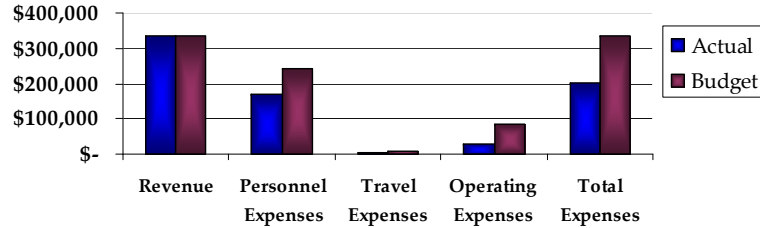


Texas Regional Entity - Labor Hours



February & YTD February Operating Expenses

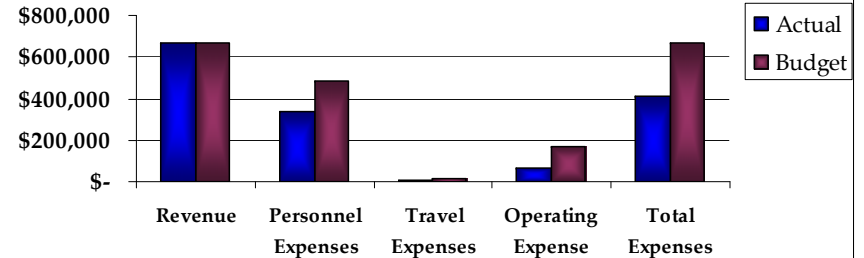
**Texas RE - Income Statement by Segment
Consolidated Statutory & Non-Statutory
February 2008**



February & YTD February Comments

- ➔ **Revenue** - Revenue is on target for the year.
- ➔ **Personnel Expenses** - Lower due to personnel vacancies.
- ➔ **Travel Expenses** - Lower due to personnel vacancies.
- ➔ **Operating Expenses** - Lower primarily related to not using the contingency reserve.

**Texas RE - Income Statement by Segment
Consolidated Statutory & Non-Statutory
Year-to-Date February 2008**



February & YTD February Operating Expenses

**Texas Regional Entity
Consolidated Income Statement
Statutory & Non-Statutory Combined
For The Month Ended February 29, 2008**

		Period to Date			Year to Date			Annual
		Actual	Budget	Difference	Actual	Budget	Difference	Budget
Revenue	1-Assessments	333,445	333,445	-	666,891	666,891	-	4,074,849
	2-Workshops	-	-	-	-	-	-	70,000
Total Revenue		333,445	333,445	-	666,891	666,891	-	4,144,849
Personnel Expenses	1-Salaries	125,878	183,719	57,841	249,736	367,438	117,702	2,242,782
	2-Payroll Taxes	10,628	15,249	4,621	23,749	30,497	6,748	186,151
	3-Employee Benefits	14,466	22,371	7,905	27,983	44,743	16,759	273,034
	4-Saving and Retirement	17,116	21,495	4,379	33,384	42,990	9,606	262,406
Subtotal Personnel Expenses		168,088	242,834	74,746	334,853	485,669	150,816	2,964,373
Travel & Meetings	1-Meetings	-	353	353	-	707	707	74,240
	2-Travel	3,490	7,250	3,760	8,257	14,499	6,243	97,135
Subtotal Travel & Meetings		3,490	7,603	4,113	8,257	15,206	6,949	171,375
Operating Expenses	1-Rent & Improvements	8,094	22,583	14,489	16,188	45,167	28,979	271,000
	2-Consultant	-	-	-	7,196	-	(7,196)	-
	3-Office Costs	879	30,633	29,755	985	61,267	60,281	380,600
	4-Professional Services	7,713	22,333	14,620	14,419	44,667	30,247	268,000
	5-Computer Purchase & Main	13,132	7,417	(5,715)	26,659	14,833	(11,826)	89,000
	6-Other	-	42	42	-	83	83	500
Subtotal Operating Expenses		29,818	83,008	53,190	65,448	166,017	100,569	1,009,100
Total Expenses		201,396	333,446	132,050	408,557	666,891	258,334	4,144,849
GAIN or (LOSS)		132,050	0	132,050	258,334	0	258,334	0

