



**TEXAS
REGIONAL
ENTITY™**

An Independent Division of ERCOT

Texas Regional Entity

CCO Report

Larry Grimm
May 20, 2008

Texas RE Monthly Summary

- **April 2008:**
 - Protocol & Operating Guides violations
 - 1 new violation
 - NERC Standards violations
 - No new alleged violations
 - Reportable events
 - 3 new events reported
 - Audits
 - 2 entities audited
 - 4 entities issued audit reports
 - Mitigation Plans in progress for NERC Standards
 - 1 resulting from self-reporting violations
 - ◆ Quarterly update provided by entity
 - 6 resulting from self-certification violations
 - Settlements
 - 4 settlements in progress

Performance Highlights

- ERCOT's Control Performance Standard (NERC CPS1) score for April 2008 = 121.01
- Initial scores for April 2008 indicate 33 non-wind-only QSEs passed and 1 failed the SCPS2 measure
- There are 12 active wind-only QSEs or sub-QSEs
 - [Go to SPCS2 Scores](#)

Texas RE Activities

- Continue to fill vacant positions
 - Vacancies as of May 1, 2008 – 3
- Statutory & Non-Statutory Budget preparation
- Updating/Revising PUCT-approved ERCOT Compliance Process (for monitoring & reporting ERCOT Protocols & Operating Guides compliance)
- Spring 2008 NERC Compliance Workshop conducted on May 13, 2008
 - Attended by over 100 Registered Entity Representatives

2009 Texas RE Budget Development Schedule

- ✓ April 15 – Review Preliminary Draft of 2009 Budget at F&A Committee
- ✓ May 1 – Special F&A Committee Meeting (if necessary)
- ✓ May 9 – Draft #1 of Business Plan & Budget (BP&B) submitted to NERC
- ✓ May 19 – Special F&A Committee Meeting
- May 20 – F&A Committee & Board Discussion of Draft #1 of 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

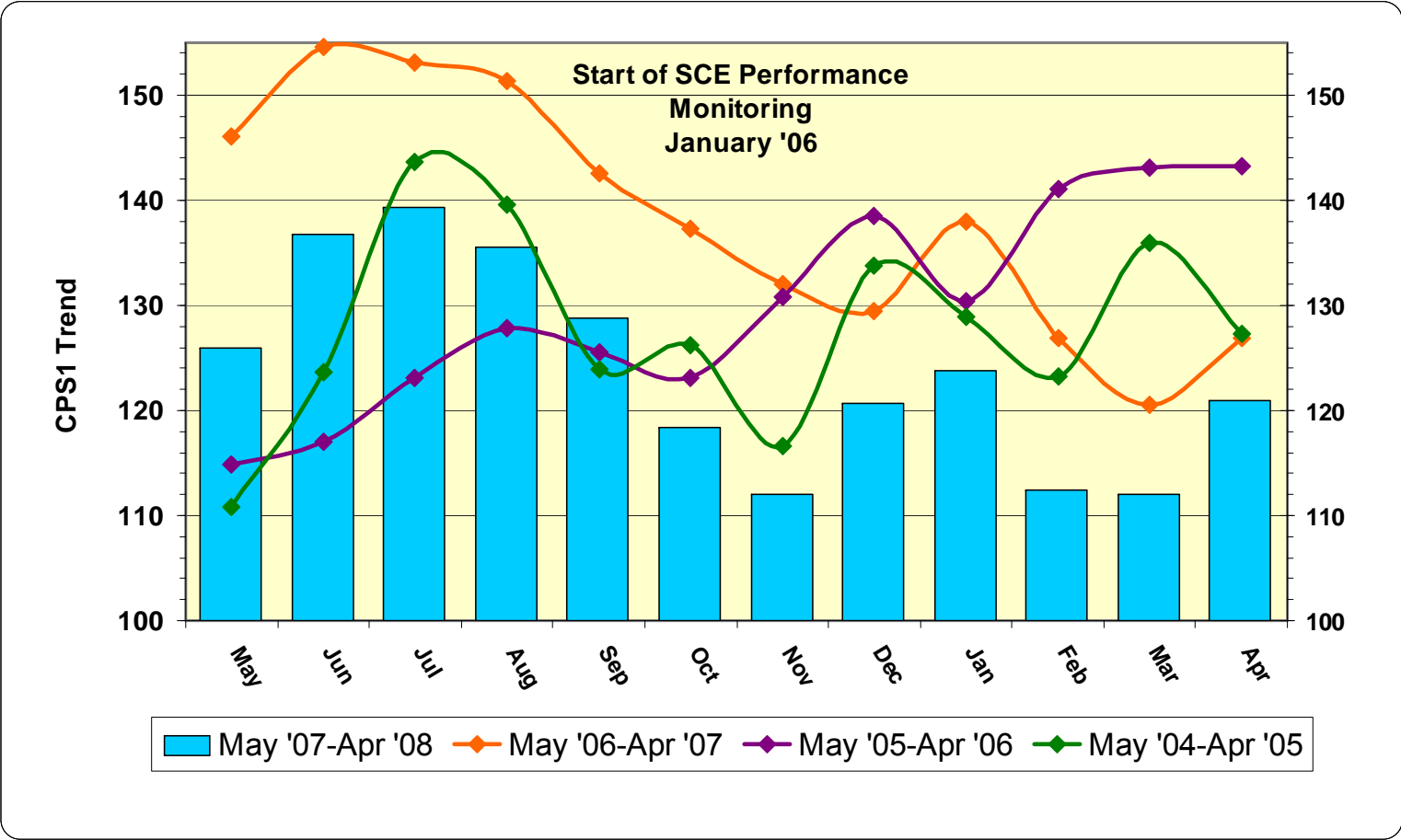
Texas Regional Entity

Report Details

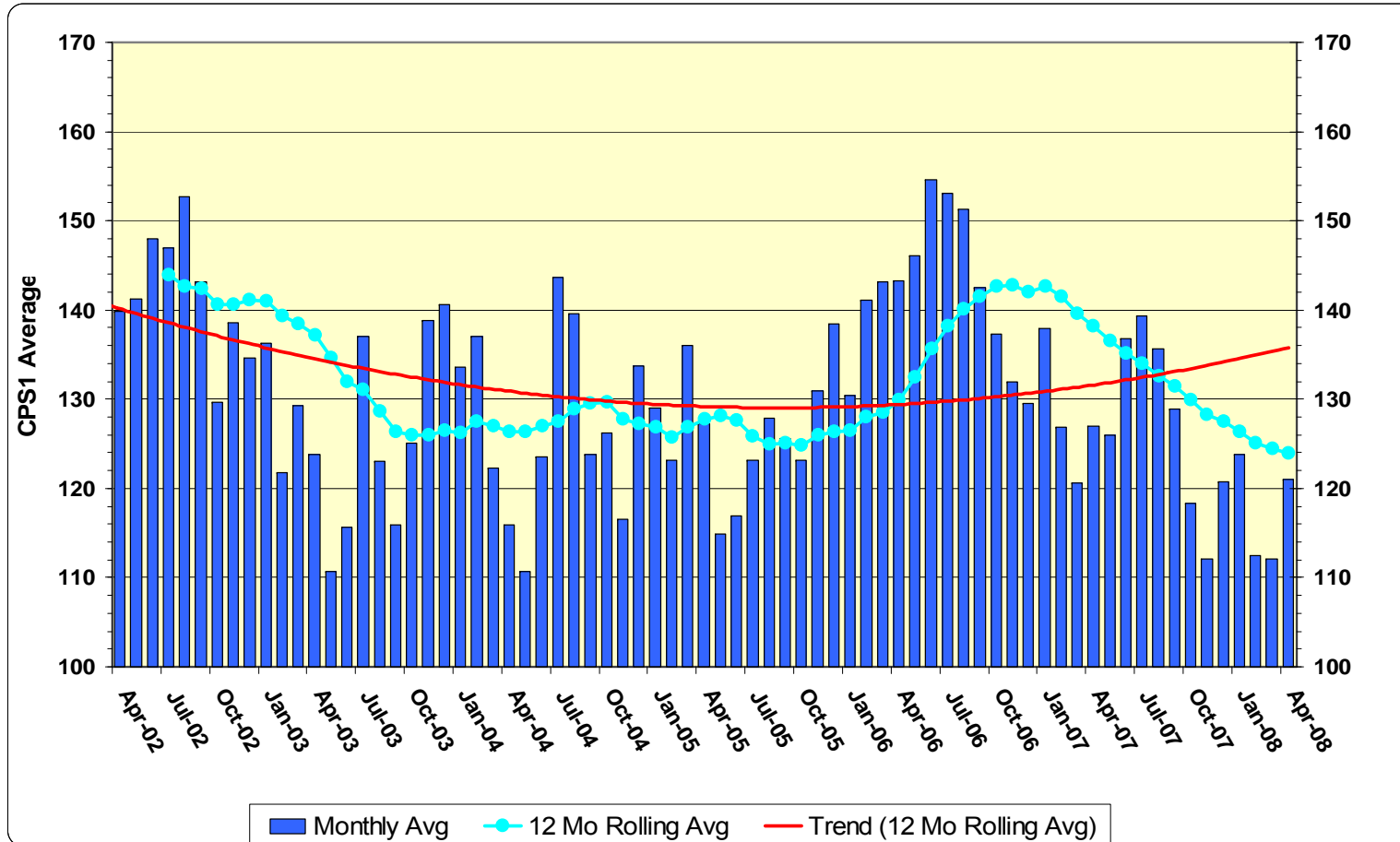
NERC CPS1 Performance

- ERCOT's CPS1 Performance
 - April Performance
 - Monthly comparison
 - ◆ 2008: 121.01
 - ◆ 2007: 126.92
 - 12 month rolling average comparison
 - ◆ May 2007 → April 2008: 123.92
 - ◆ May 2006 → April 2007: 138.23
- PRR 525 Performance
 - Scores posted on the ERCOT Compliance Website
 - [SCE Performance Scores](#)

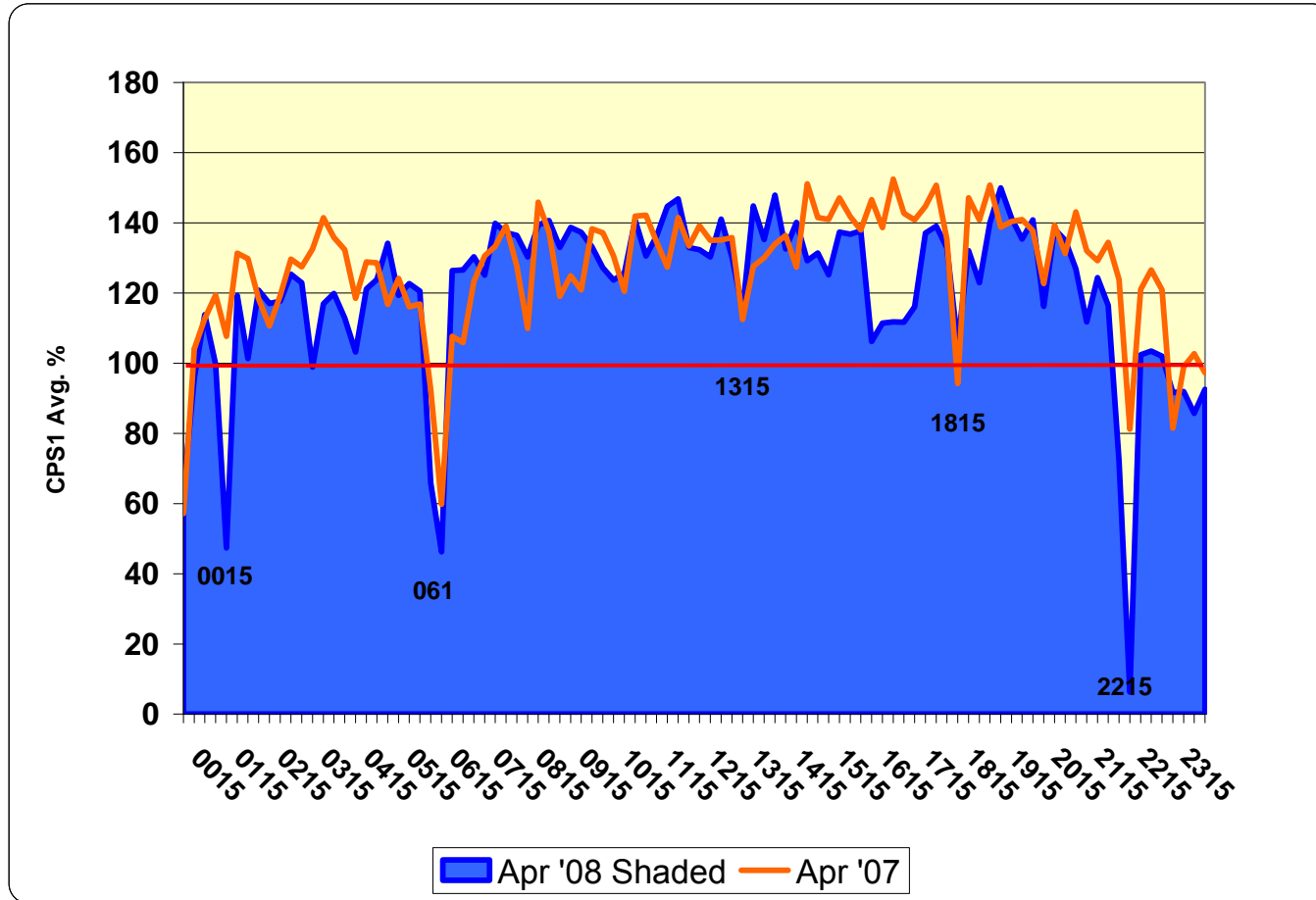
ERCOT CPS1 Performance Comparison



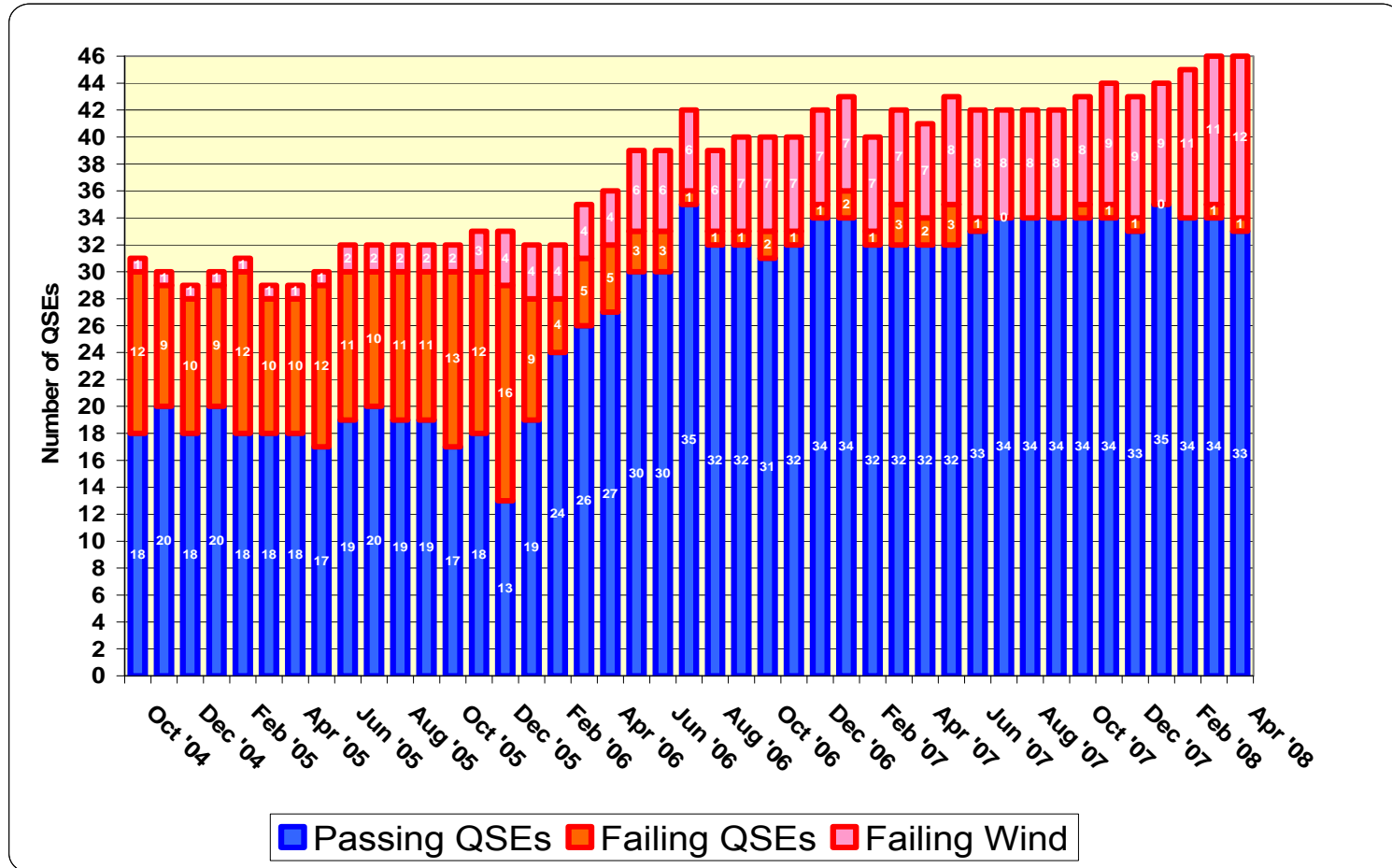
ERCOT's CPS1 Monthly Performance



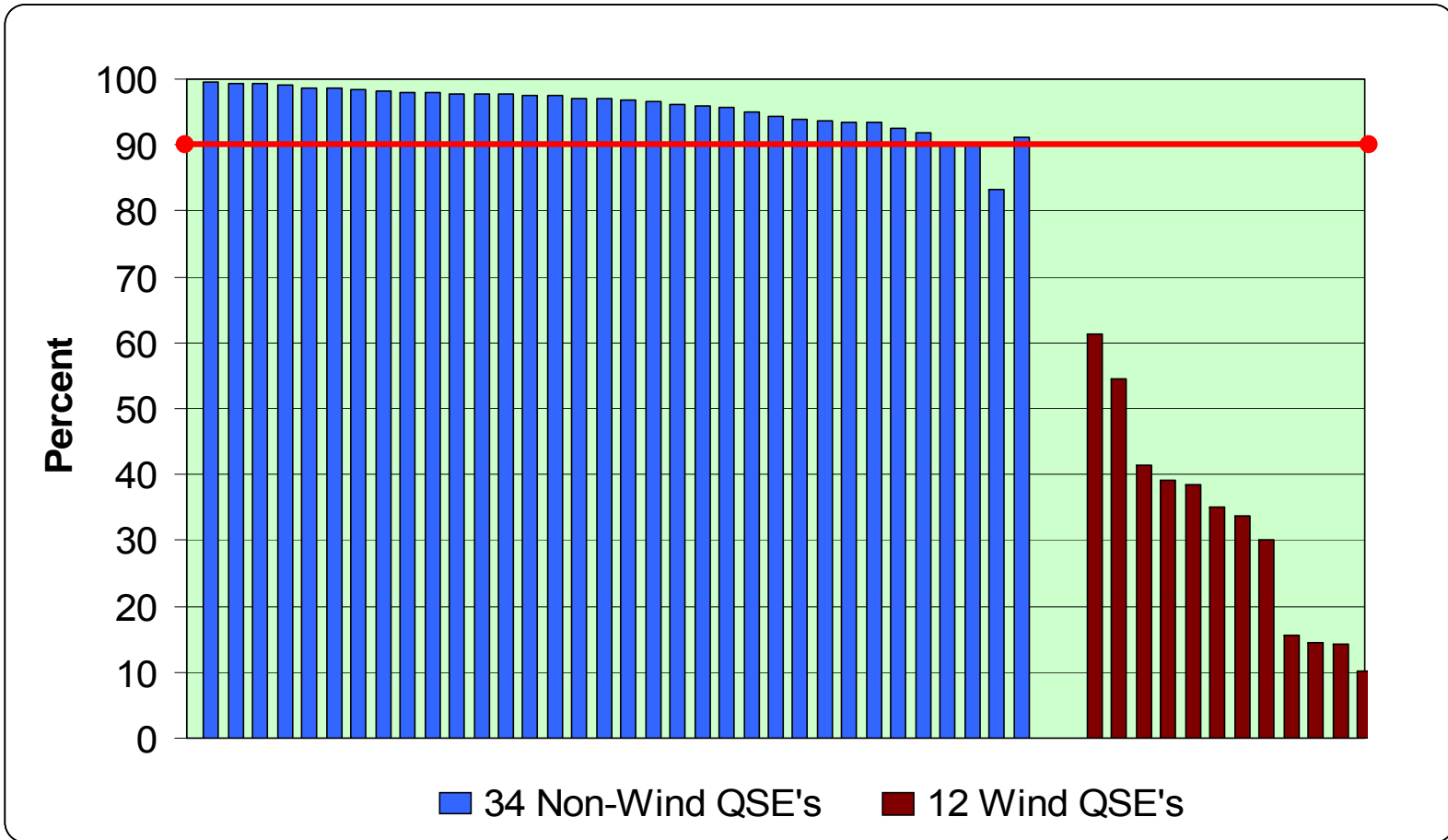
ERCOT CPS1 by Interval



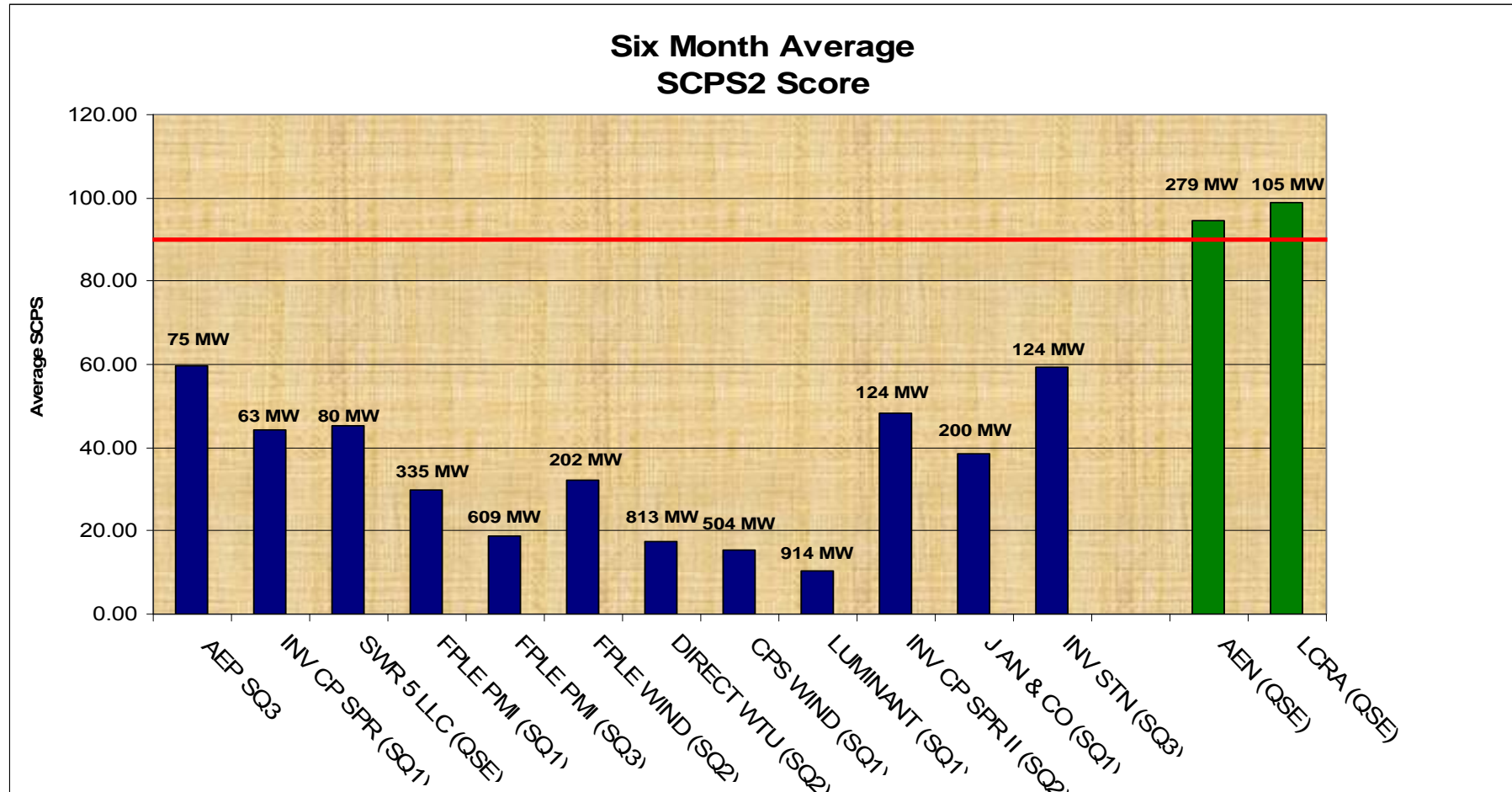
QSE PRR 525 10-Minute Interval Scoring



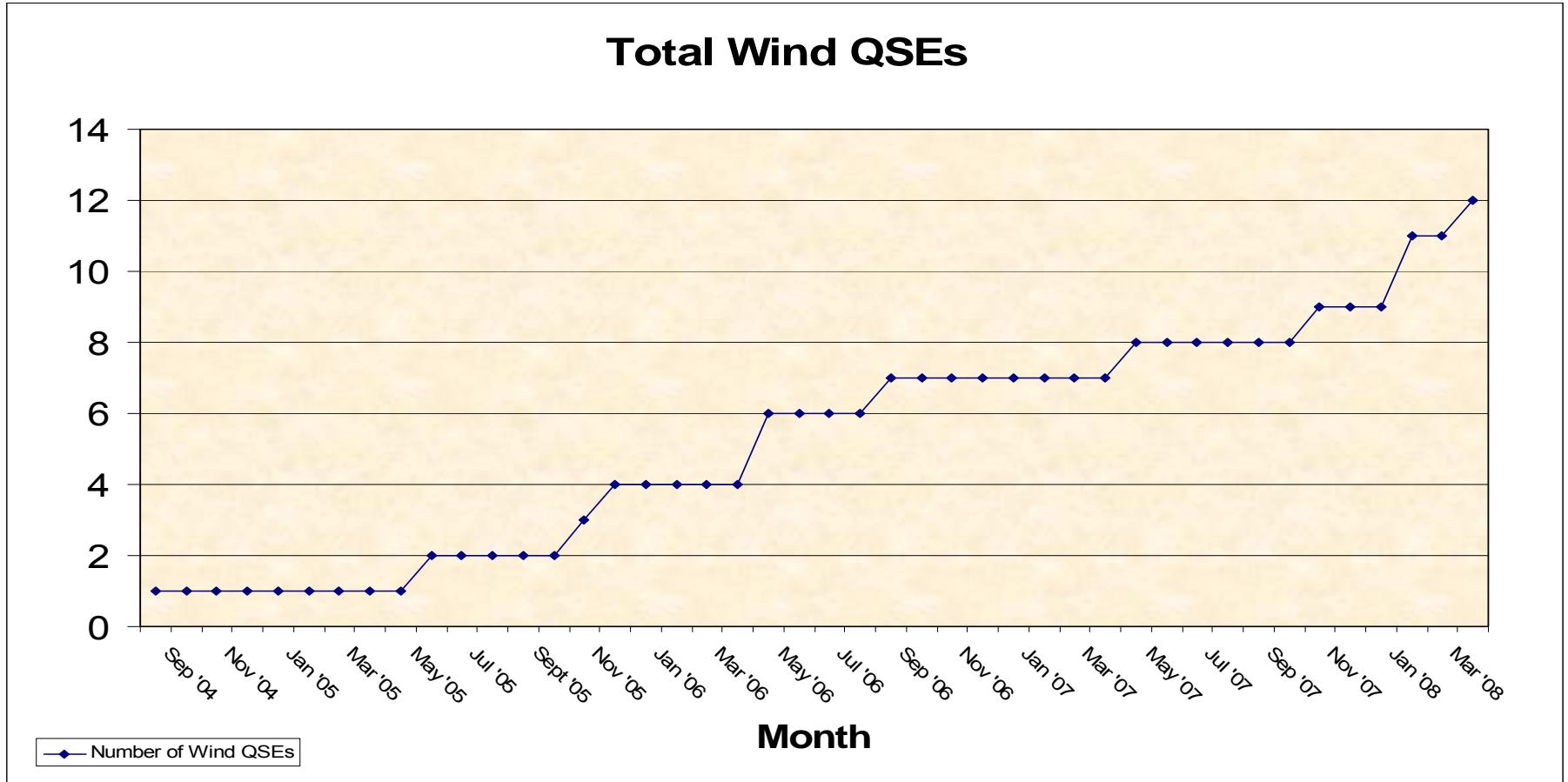
April 2008 - SCPS2 Scores



Average Wind SCPS2 Scores



Total Number of Wind QSEs



April 2008 Resource Plan Performance Metrics

Resource Plan Performance Metric	ID																											
	JG	DK	BT	DE	IP	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	-	100	100	100	100	100	100	100	100	98	100	100	100	-	100	100	100	-	99	100	-	100	100	100	98	-
LSL as % of HSL	-	97	-	99	99	100	97	93	99	100	100	100	100	100	97	-	98	100	95	-	98	99	-	93	100	100	94	-
DA Zonal	-	100	98	100	100	100	100	100	100	100	100	91	100	100	100	100	100	93	-	100	100	100	100	100	-	99	98	
AP Zonal	100	96	96	99	99	100	100	95	98	100	98	98	100	98	100	97	99	100	96	-	97	99	100	98	99	100	99	100
Down Bid & Obligation	100	94	96	96	98	98	98	93	92	99	91	99	94	94	99	100	95	96	96	-	95	95	100	95	98	-	90	100
Total Up AS	-	-	-	100	-	100	99	99	98	98	-	99	95	100	98	-	100	-	-	95	-	-	-	99	97	100	92	-

Resource Plan Performance Metric	ID																										
	GS	BF	BE	DP	EU	FX	JH	JI	JJ	JC	BG	CX	FK	HW	IN	IZ	BX	CC	JE	CD	FS	AC	CQ	IV	CR	IO	FY
Resource Status	-	-	-	100	99	-	-	-	-	-	99	99	100	100	100	100	100	100	-	97	100	100	100	-	-	100	-
LSL as % of HSL	-	-	-	100	100	-	-	-	-	-	99	100	100	96	99	96	100	94	-	97	100	100	92	-	-	-	-
DA Zonal	98	100	100	100	100	-	-	-	-	99	100	100	99	100	100	100	99	100	100	100	100	-	98	100	100	-	-
AP Zonal	99	100	93	100	100	99	98	99	99	100	99	98	100	100	99	98	88	98	100	100	100	100	100	100	-	-	-
Down Bid & Obligation	100	100	89	100	99	100	100	100	99	100	98	98	100	92	99	98	96	85	100	94	-	100	99	97	-	-	-
Total Up AS	-	-	-	85	100	-	-	-	-	-	99	97	98	94	78	97	98	100	-	99	-	-	99	-	-	-	99

■ 4 Consecutive Failing Scores ■ 3 Consecutive Failing Scores

■ 2 Consecutive Failing Scores ■ 1 Failing Score

Registration Activities

- NERC Entity Registration issues continue to be addressed and resolved
- Load-Serving Entity (LSE) registration issues being addressed
 - Changes to NERC's Registry Criteria to define "Non-Asset Owing LSEs" as a subset of LSEs
 - Determine changes necessary to terms and requirements in Reliability Standards
 - ◆ LSE and Compliance Workshop was held on April 15th to address issues and obtain input
 - ◆ NERC sent modifications to the registry criteria for 30 days public comment (by May 30th)
 - ◆ Criteria modified to include all DPs as LSEs
 - ◆ LSE registration criteria will change after the comment period and NERC's decision
 - FERC issued an Order on April 4, 2008 accepting the procedural aspects of NERC's plan
 - Registration of LSEs will increase audits
- Joint Registration Organization (JRO) of some entities remains likely
 - JRO agreement forms and application have been developed and posted online
 - TOs and ERCOT ISO nearing JRO registration for TOP function – will increase the number of audits by the number of new TOPs (28 estimated)

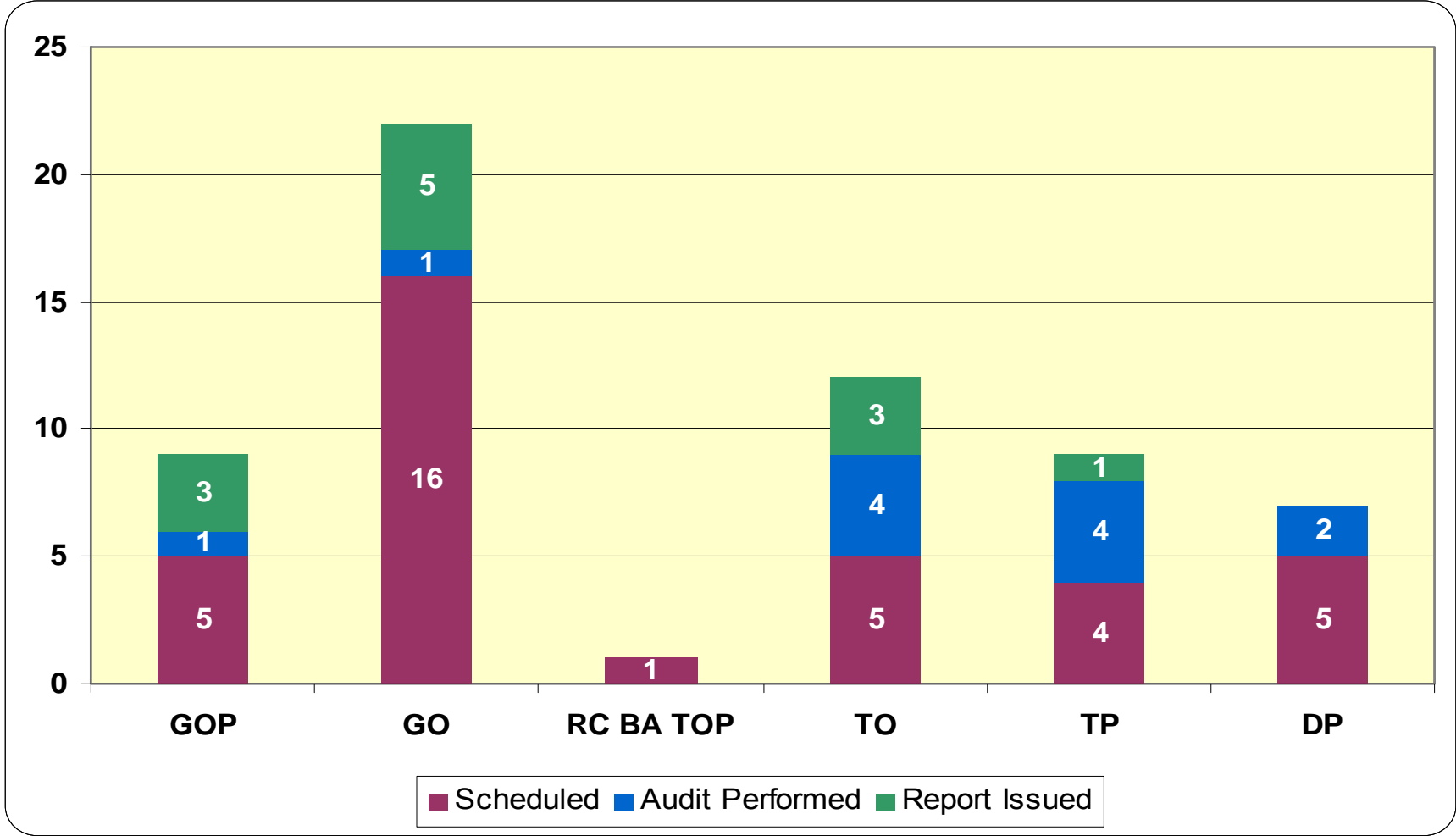
NERC Functional Entity Types

- 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

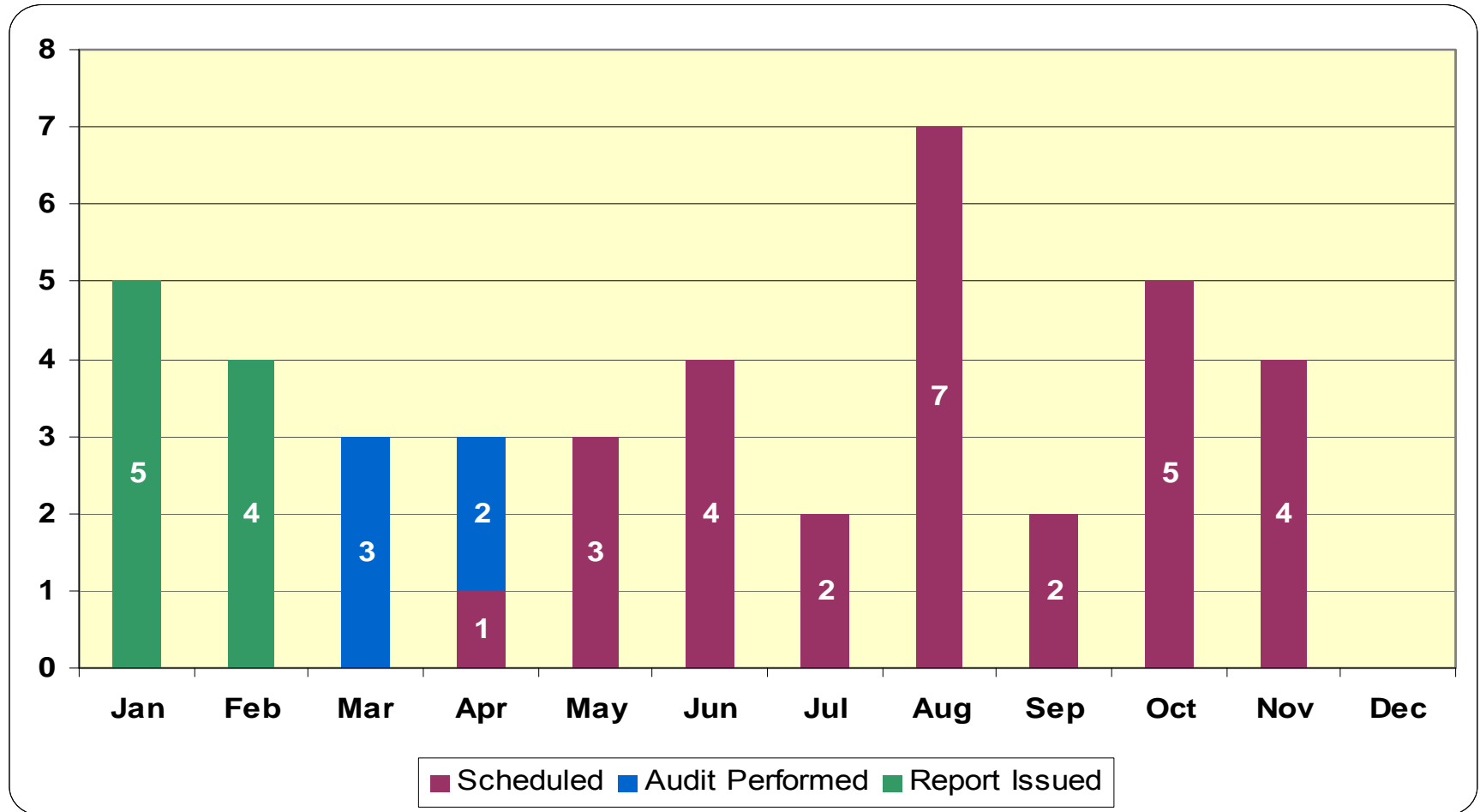
Compliance Process Flowcharts

- 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



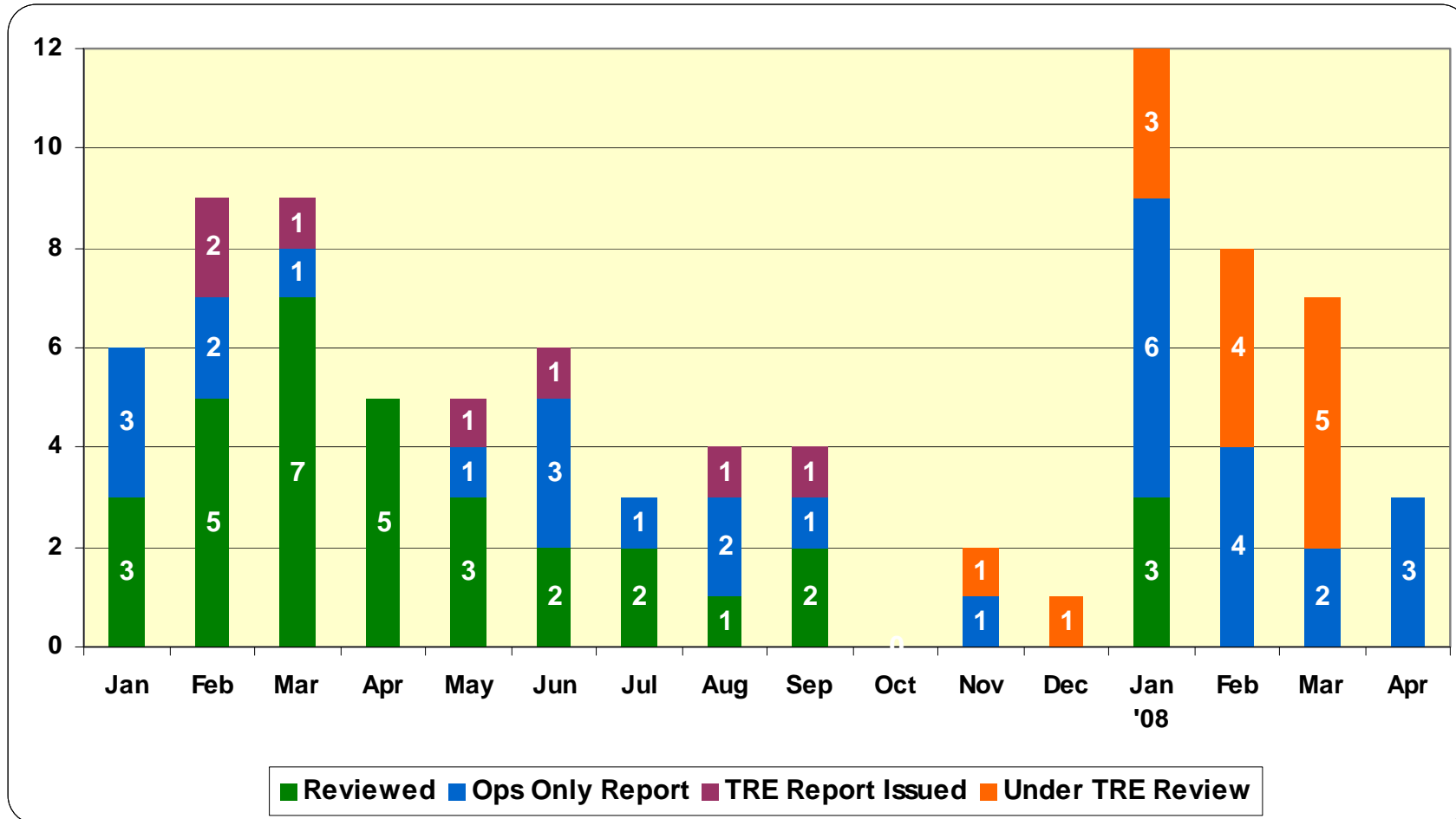
2008 Compliance Audits Scheduled by Entity



2008 Audit Schedule

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

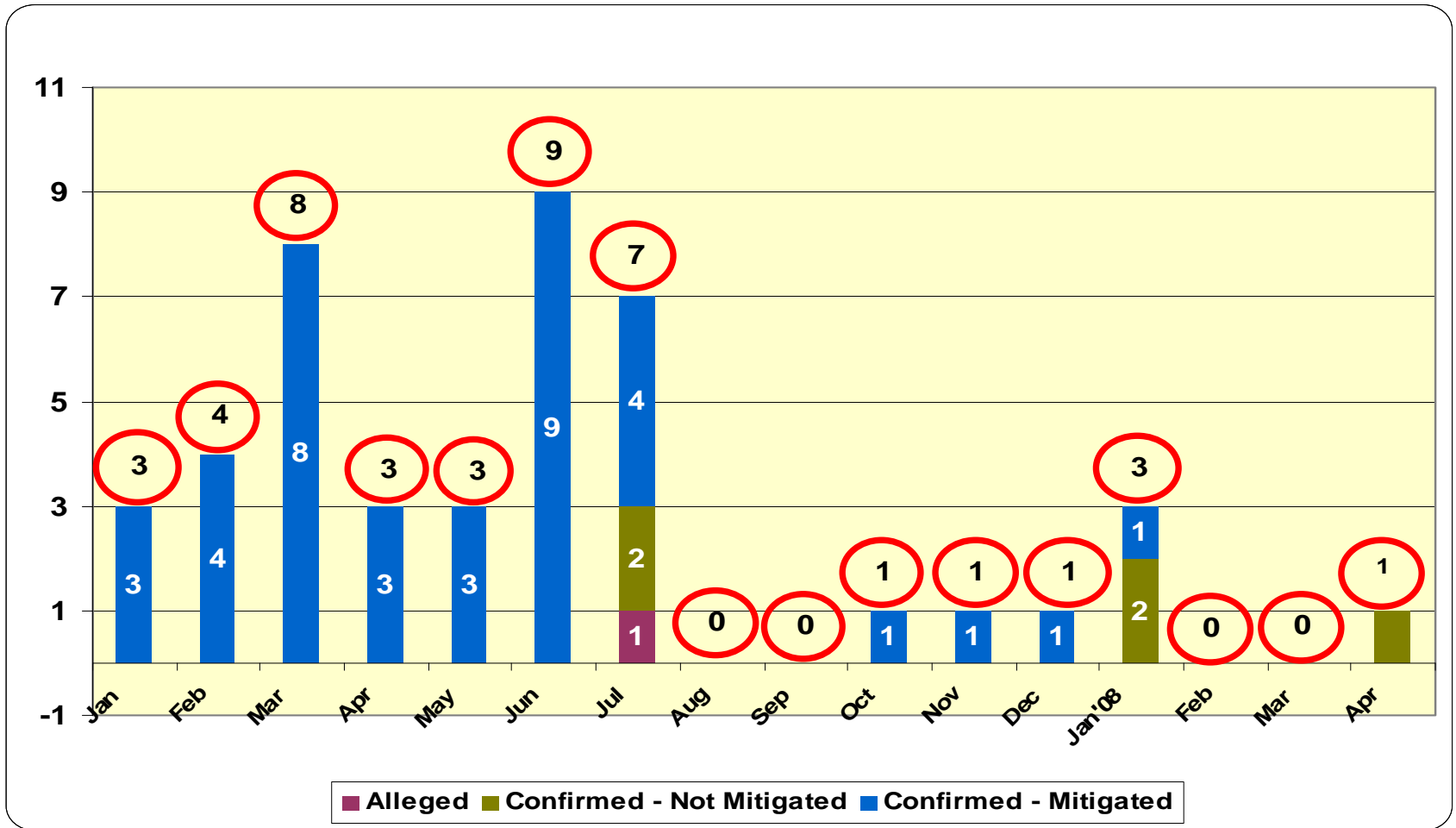
Compliance Reviews of Events by Month



Compliance Review Backlog

- NERC expectations for Event Analysis has expanded – in depth analysis and documentation requiring significant staff time
- Properly vetted analyses continues to take precedence over maintaining a 60 day schedule
- Immediate actions: Reallocating resources and tuning processes to bring our performance back in line with the 60 day window
- Goals: Back log cleaned up and improved board reporting to communicate events with special circumstances by the end of August 2008

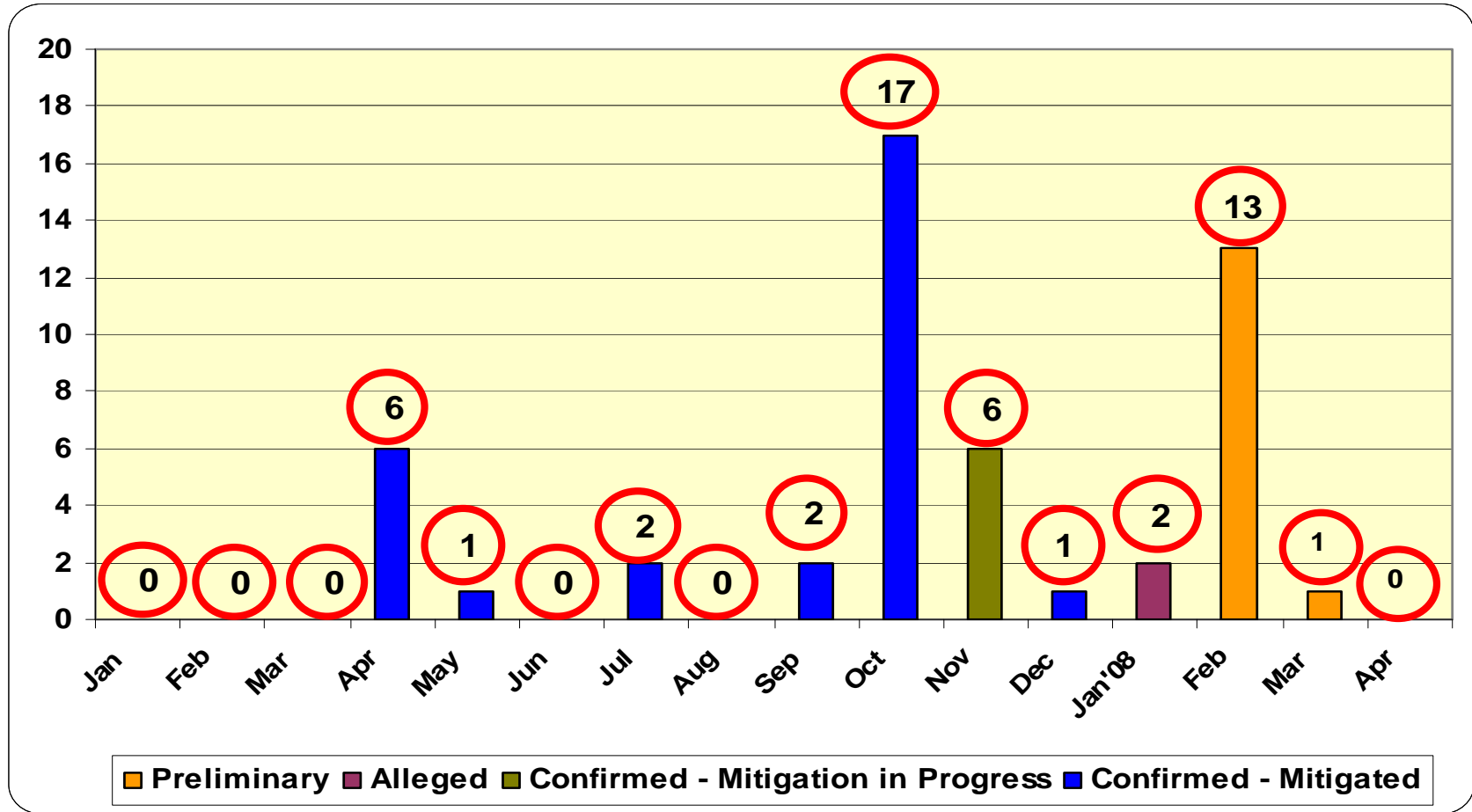
Violations of ERCOT Protocols



Protocol Violation Decline

- Supporting evidence for reduction
 - Improved CPS Performance
 - Tapering off of the active auditing season
- Potential issue: Reduction in incidents reported by the 24-hour desk may indicate a communication problem between ERCOT ISO and Texas RE
 - Immediate action: Discussion with ERCOT ISO to clarify and expedite incident reporting

Violations of NERC Standards Reported by Month



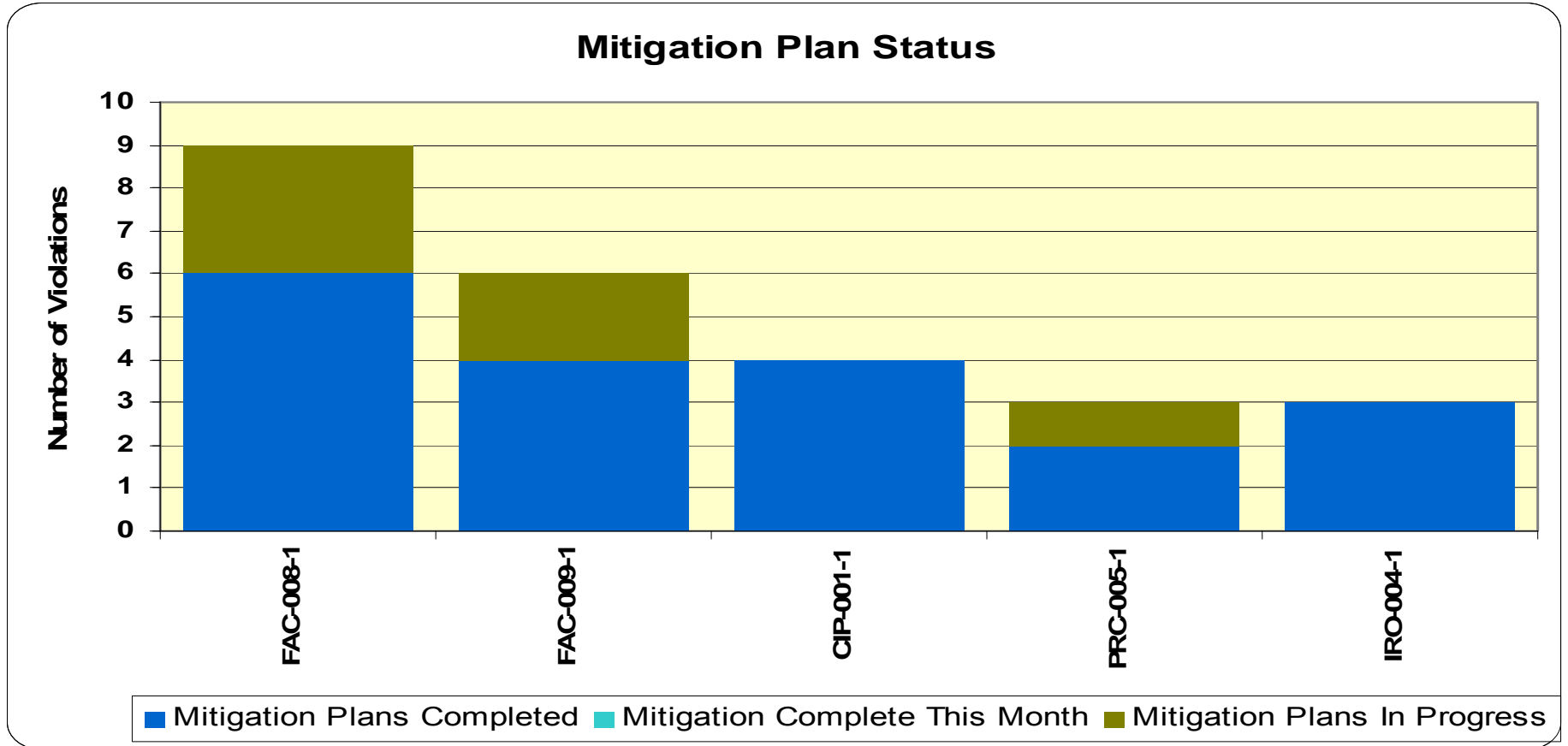
NERC Violations by Month

- Spike in October 2007 coincided with the Annual Self-Certification performed
- Spike in February 2008 was due to one entity's Self-Certification, which resulted in 11 violations

NERC Standards Self-Certification

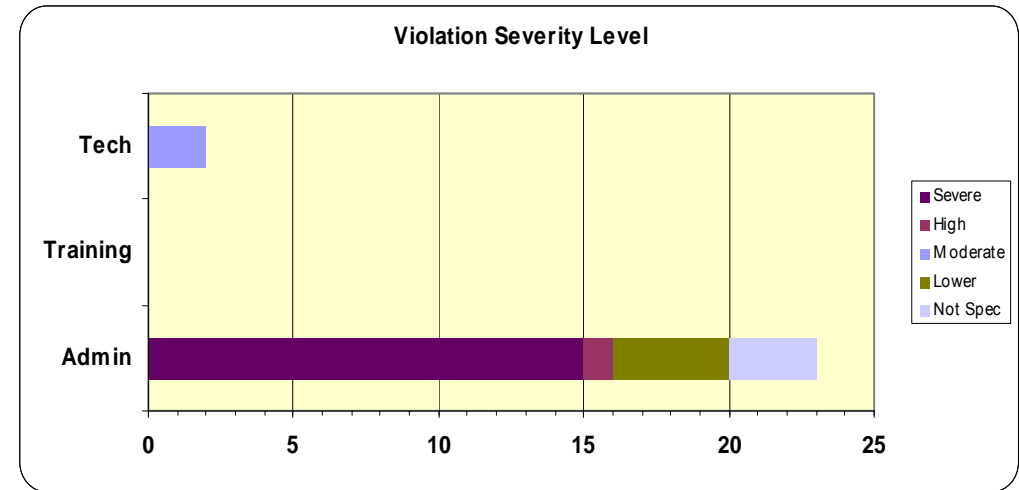
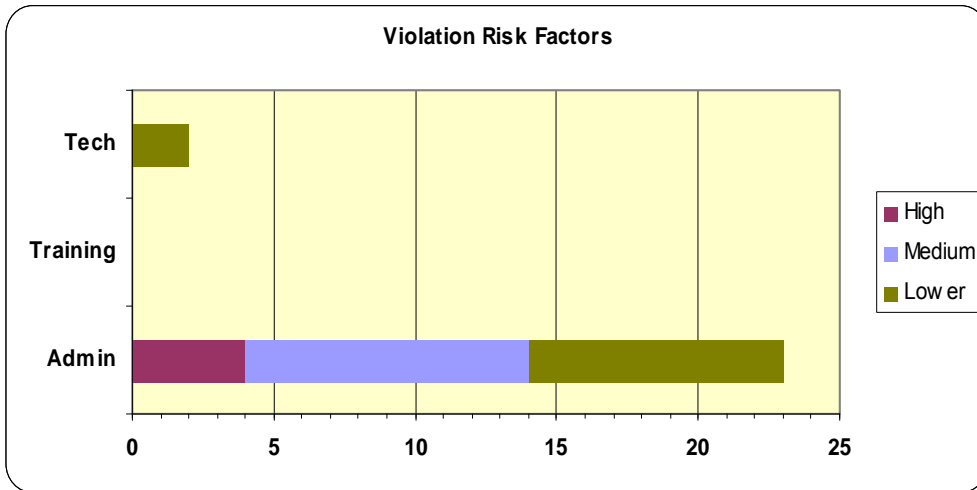
- NERC Registered Entities not audited in 2007 required to self-certify to the actively monitored Reliability Standards applicable to their Registration(s)
 - 279 Total Registered Functions
 - 25 Violations Identified
 - 9 FAC-008 – lack documented process (3 GOs)
 - 6 FAC-009 – lack documented process (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

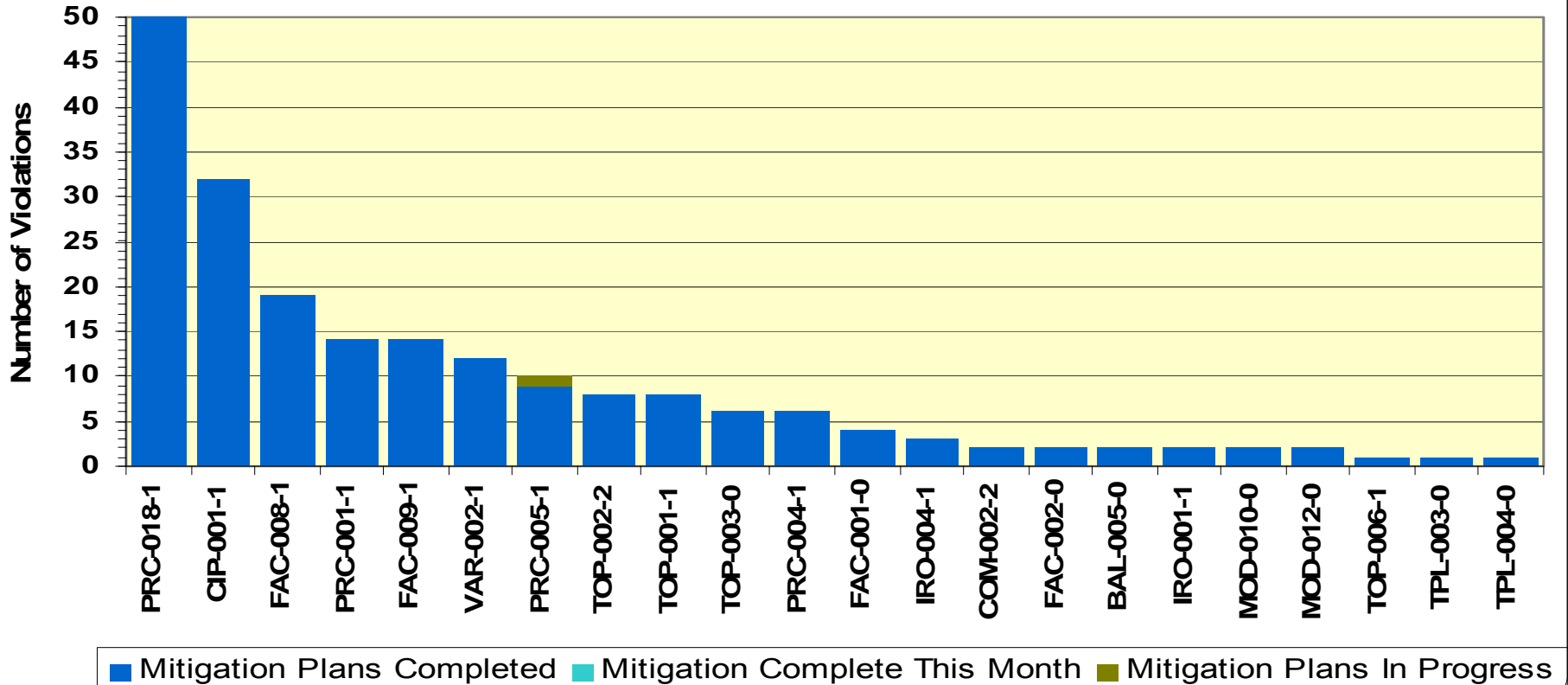
Std	Qty	Req'mt	VSL	VRF	Time Horizon	Impact	Category
PRC-005	2	R2	Moderate	Lower	LT Plan	Minimal	Tech
PRC-005	1	R1.1	Lower	High	LT Plan	Minimal	Admin
FAC-008	3	R1	Severe	Lower	LT Plan	Minimal	Admin
FAC-008	3	R2	Severe	Lower	OP Plan	Minimal	Admin
FAC-008	3	R3	Severe	Lower	OP Plan	Minimal	Admin
FAC-009	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						



NERC Standards Self-Reported Violations

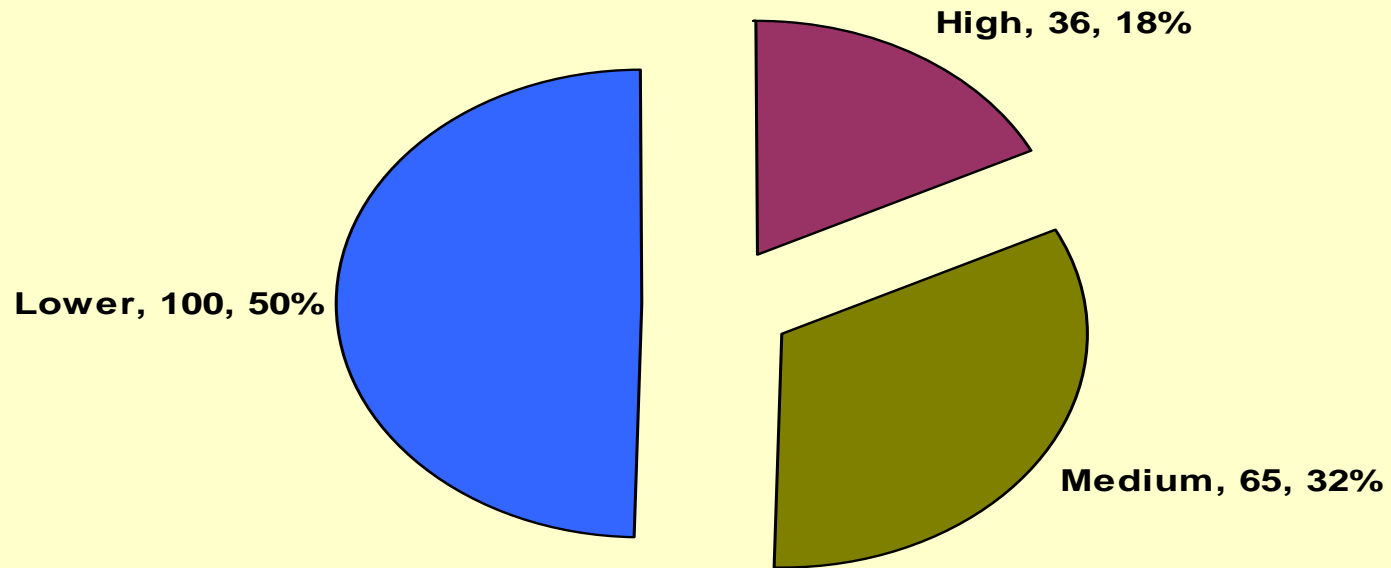
Pre-June 18, 2007

Mitigation Plan Status



Risk Factors for Self-Reported NERC Standards Violations

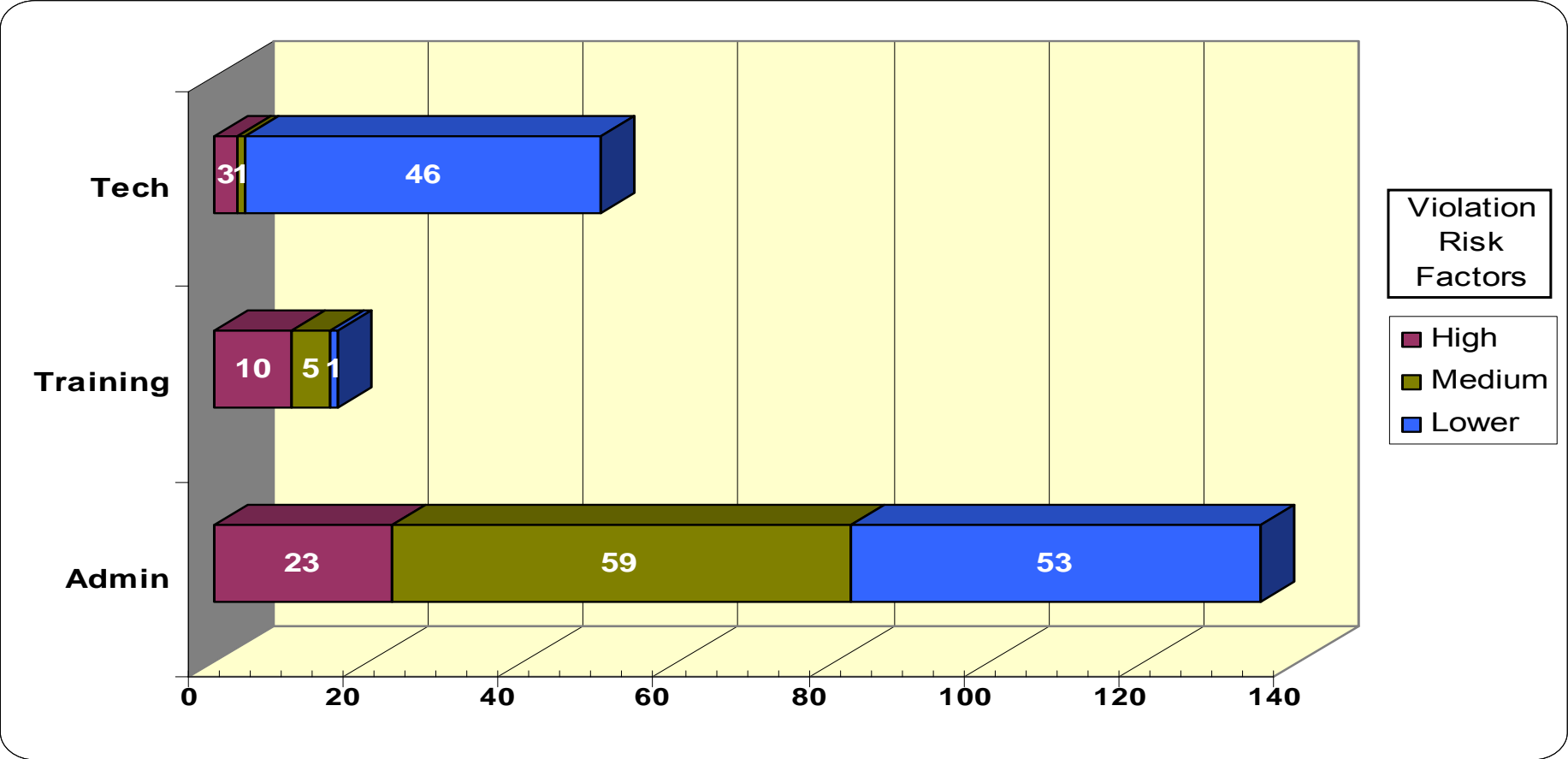
Pre-June 18, 2007



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

NERC Standards Self-Reported Violation Categorization

Pre-June 18, 2007



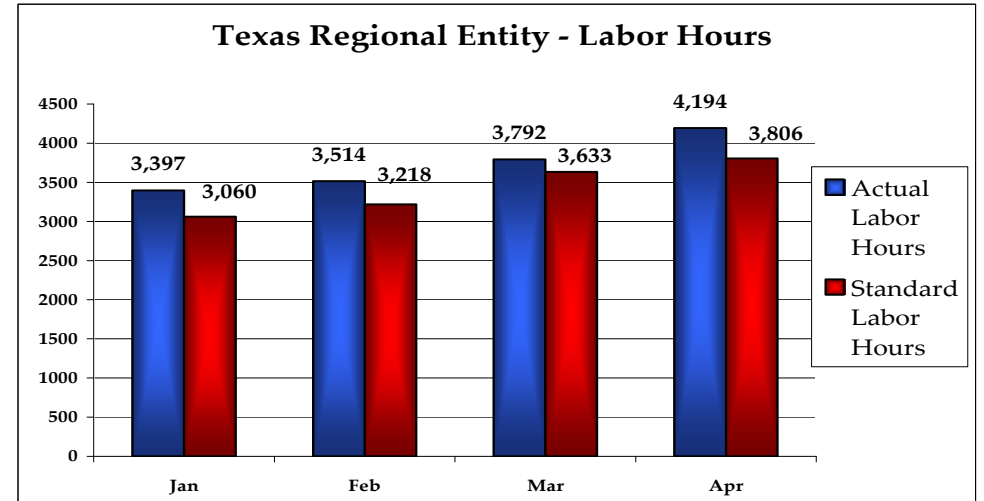
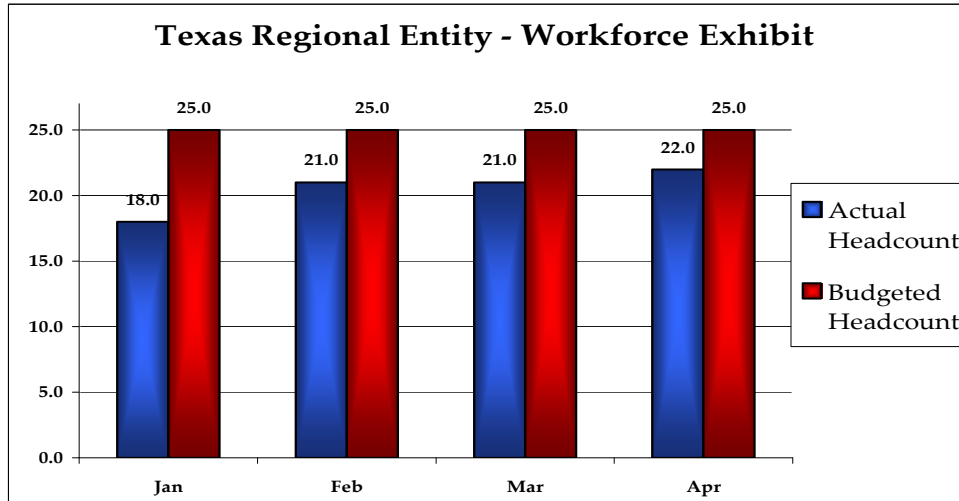
Texas Regional Entity

April 2008 & Year-to-Date April Financial Overview

April 2008 & YTD April Actual Workforce

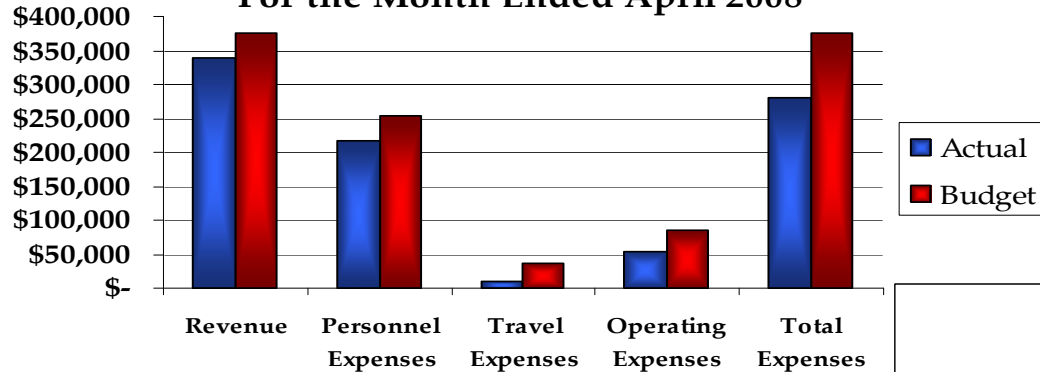
Texas Regional Entity Headcount Statutory & Non-Statutory Combined For The Month Ended April 30, 2008

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Headcount	18.0	21.0	21.0	22.0								
Budgeted Headcount	25.0	25.0	25.0	25.0								
Variance Under/(Over)	7.0	4.0	4.0	3.0								
Actual Labor Hours	3,397	3,514	3,792	4,194								
Standard Labor Hours	3,060	3,218	3,633	3,806								
Variance Under/(Over)	(337)	(296)	(159)	(388)								



April 2008 & YTD April Operating Expenses

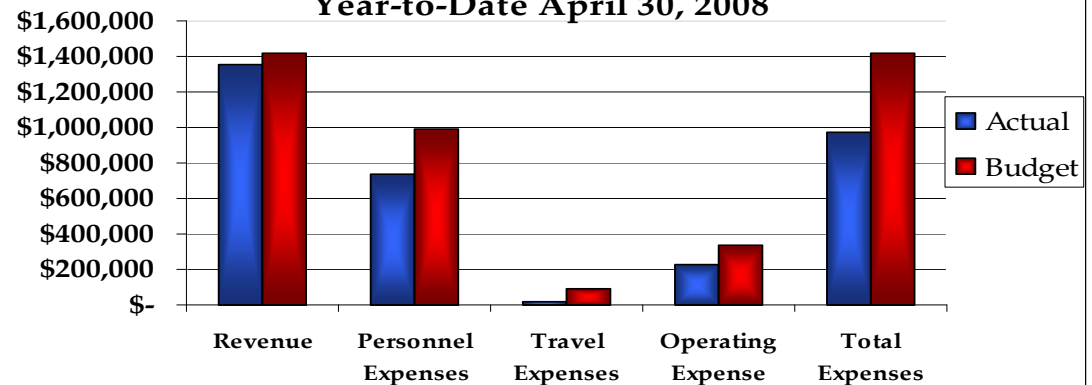
**Texas RE - Income Statement by Segment
Consolidated Statutory & Non-Statutory
For the Month Ended April 2008**



April & YTD April Comments

- ➔ **Revenue** - Revenue is slightly less for the month and YTD due to Operator Training Seminar expenses incurred by ERCOT ISO.
- ➔ **Personnel Expenses** - Lower due to personnel vacancies.
- ➔ **Travel Expenses** - Lower due to personnel vacancies and because Texas RE did not pay for Operator Training Seminar.
- ➔ **Operating Expenses** - Lower primarily related to not using the contingency reserve and personnel vacancies.

**Texas RE - Income Statement by Segment
Consolidated Statutory & Non-Statutory
Year-to-Date April 30, 2008**



April 2008 & YTD April Operating Expenses

**Texas Regional Entity
Consolidated Income Statement
Statutory & Non-Statutory Combined
For The Month Ended April 30, 2008**

		Period to Date			Year to Date			Annual
		Actual	Budget	Difference	Actual	Budget	Difference	Budget
Revenue	1-Assessments	339,571	339,571	-	1,358,283	1,358,283	-	4,074,849
	2-Workshops	-	36,575	(36,575)	-	60,901	(60,901)	70,000
Total Revenue		339,571	376,146	(36,575)	1,358,283	1,419,184	(60,901)	4,144,849
Personnel Expenses	1-Salaries	166,673	191,350	24,677	555,791	750,138	194,347	2,242,782
	2-Payroll Taxes	12,506	15,882	3,376	47,023	62,262	15,239	186,151
	3-Employee Benefits	15,701	23,287	7,586	59,356	91,317	31,961	273,034
	4-Saving and Retirement	21,066	22,388	1,322	71,445	87,766	16,321	262,406
Subtotal Personnel Expenses		215,946	252,907	36,961	733,615	991,482	257,868	2,964,373
Travel & Meetings	1-Meetings	987	28,353	27,366	1,560	57,413	55,853	74,240
	2-Travel	8,717	9,278	561	17,404	33,054	15,650	97,135
Subtotal Travel & Meetings		9,704	37,631	27,927	18,964	90,468	71,503	171,375
Operating Expenses	1-Rent & Improvements	8,094	22,583	14,489	32,376	90,333	57,957	271,000
	2-Consultant	6,500		(6,500)	13,696		(13,696)	-
	3-Office Costs	1,809	33,233	31,424	4,574	127,733	123,160	380,600
	4-Professional Services	24,684	22,333	(2,351)	118,263	89,333	(28,930)	268,000
	5-Computer Purchase & Main	13,132	7,417	(5,715)	54,903	29,667	(25,237)	89,000
	6-Other	130	42	(88)	340	167	(173)	500
Subtotal Operating Expenses		54,349	85,608	31,259	224,152	337,233	113,082	1,009,100
Total Expenses		279,999	376,146	96,147	976,731	1,419,184	442,453	4,144,849
GAIN or (LOSS)		59,572	0	59,572	381,552	0	381,552	0