

Texas Regional Entity Compliance & Standards Report

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June 26, 2008

Texas RE Monthly Summary

- **May 2008**

- **Protocol & Operating Guides violations**

- 3 new violations
 - ◆ 2 LaaR violations
 - ◆ 1 SCE violation with mitigation plan

- **NERC Standards violations**

- No new alleged violations
- [10 NERC violations](#) were filed with FERC in 2007

- **Reportable events**

- 7 new events reported
- 4 event reviews completed

Texas RE Monthly Summary (cont.)

- **Audits**
 - 3 entities audited
 - 4 entities were issued audit reports
 - Audits are on schedule 100%
 - Audit Reports are on schedule 100%
- **Mitigation Plans in progress for NERC Standards**
 - 1 resulting from self-reporting violations- currently on track with quarterly reporting
 - 6 resulting from self-certification violations
 - 2 mitigation plans approved and 2 mitigation plans completed
- **1 Protocol mitigation plan completed**
- **Settlements**
 - 4 settlements in progress

Performance Highlights

- ERCOT's Control Performance Standard (NERC CPS1) score for May = 116.46
- Initial scores for May indicate 31 non-wind-only QSEs passed and 2 failed the SCPS2 measure

More Texas RE Activities

- Continue to fill vacant positions
 - Vacancies as of May 31st – 1 open position
- Statutory & Non-Statutory Budget preparation continues. We are submitting the budget for Board approval June 17, 2008.
- ERCOT Compliance Process is being updated to address organization changes (ERCOT ISO, Texas RE and PUCT)
 - Clarify roles and handoffs between involved entities
 - Established monthly communication meeting with PUCT Oversight and Enforcement Division
 - Established PUCT Liaison

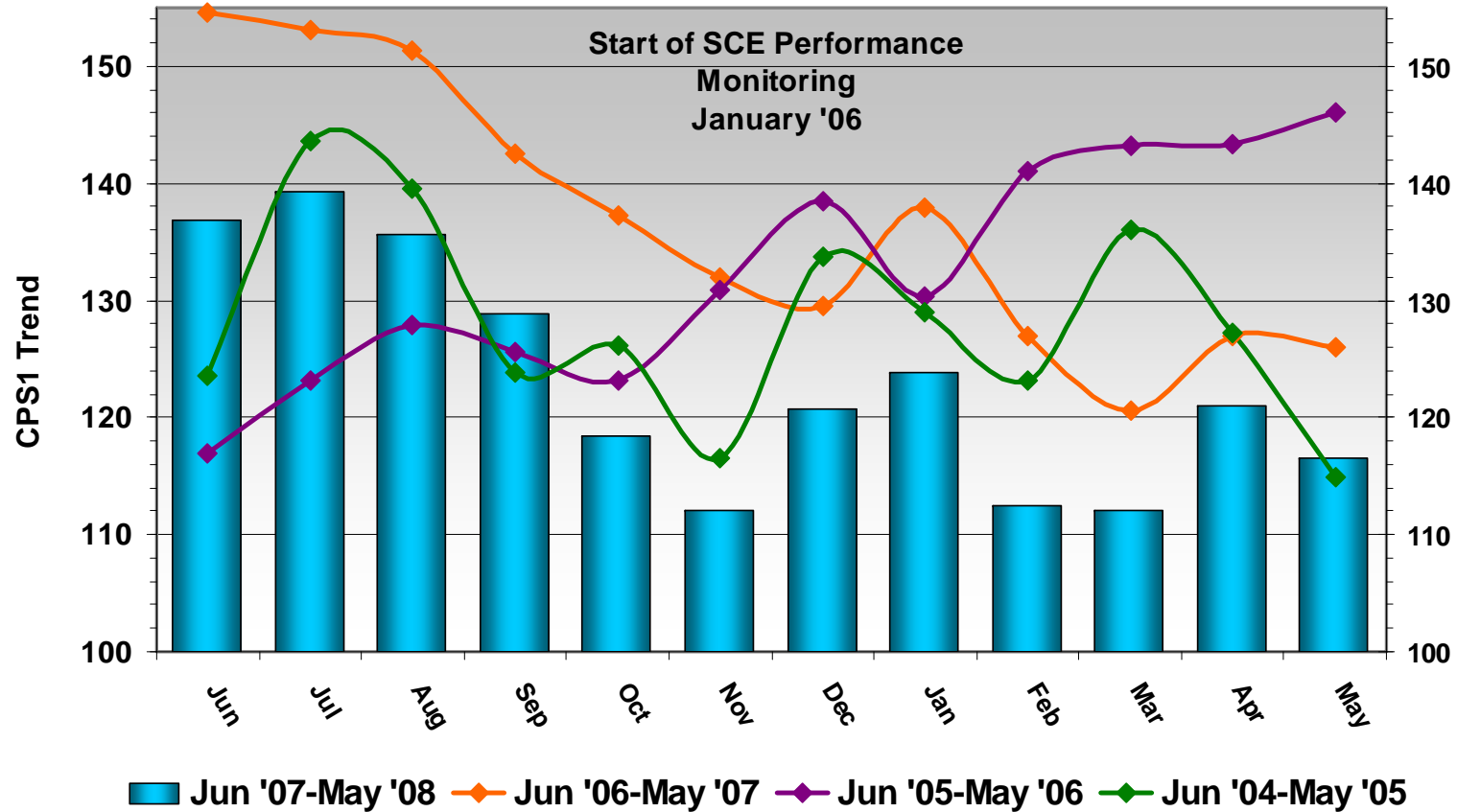
Texas Regional Entity

Report Details

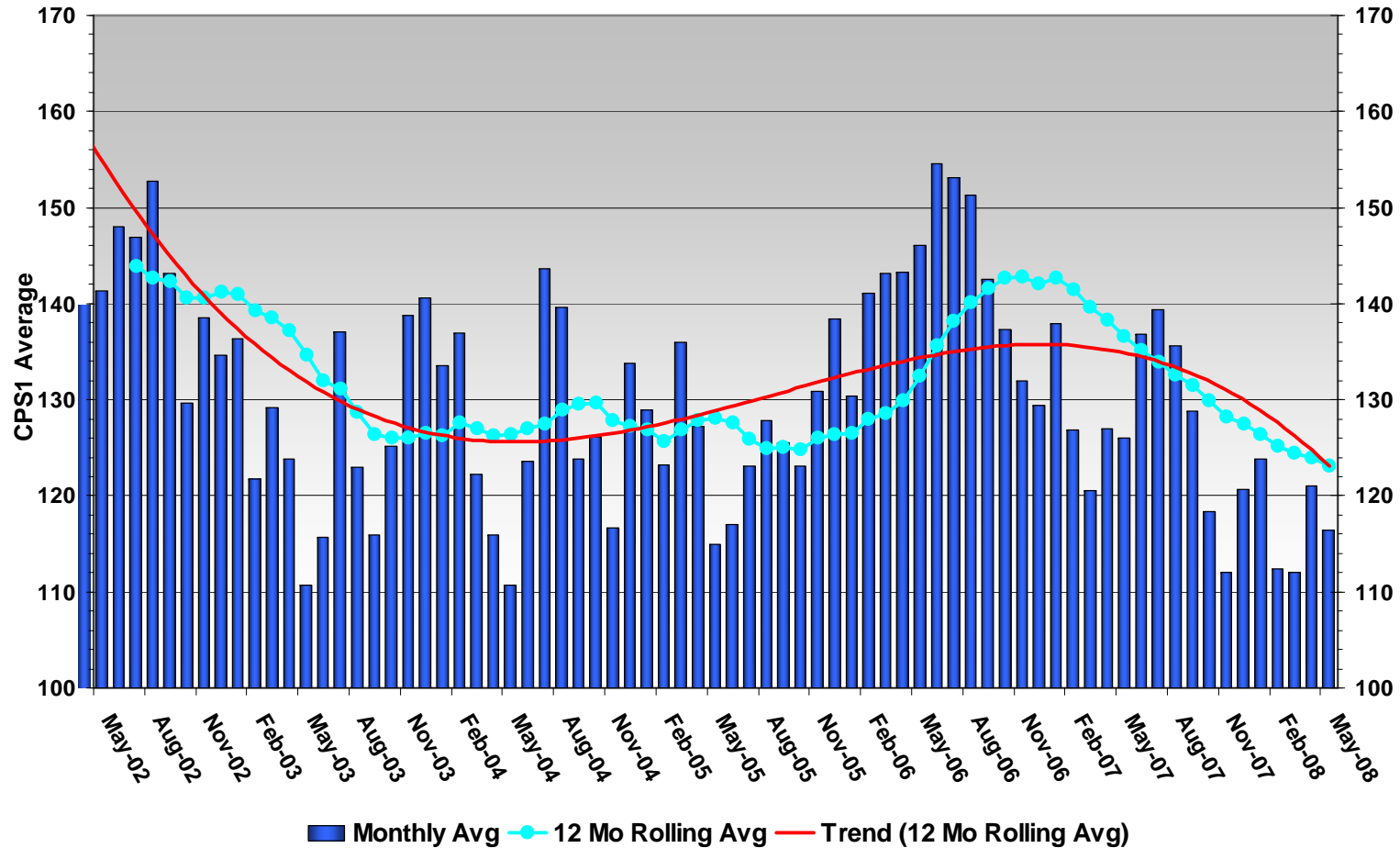
NERC CPS1 Performance

- ERCOT's CPS1 Performance
 - May Performance
 - Monthly comparison
 - ◆ 2008: 116.46
 - ◆ 2007: 125.99
 - 12 month rolling average comparison
 - ◆ June 2007 → May 2008: 123.13
 - ◆ June 2006 → May 2007: 136.55
- PRR 525 Performance
 - Scores posted on the ERCOT Compliance Website
 - [SCE Performance Scores](#)

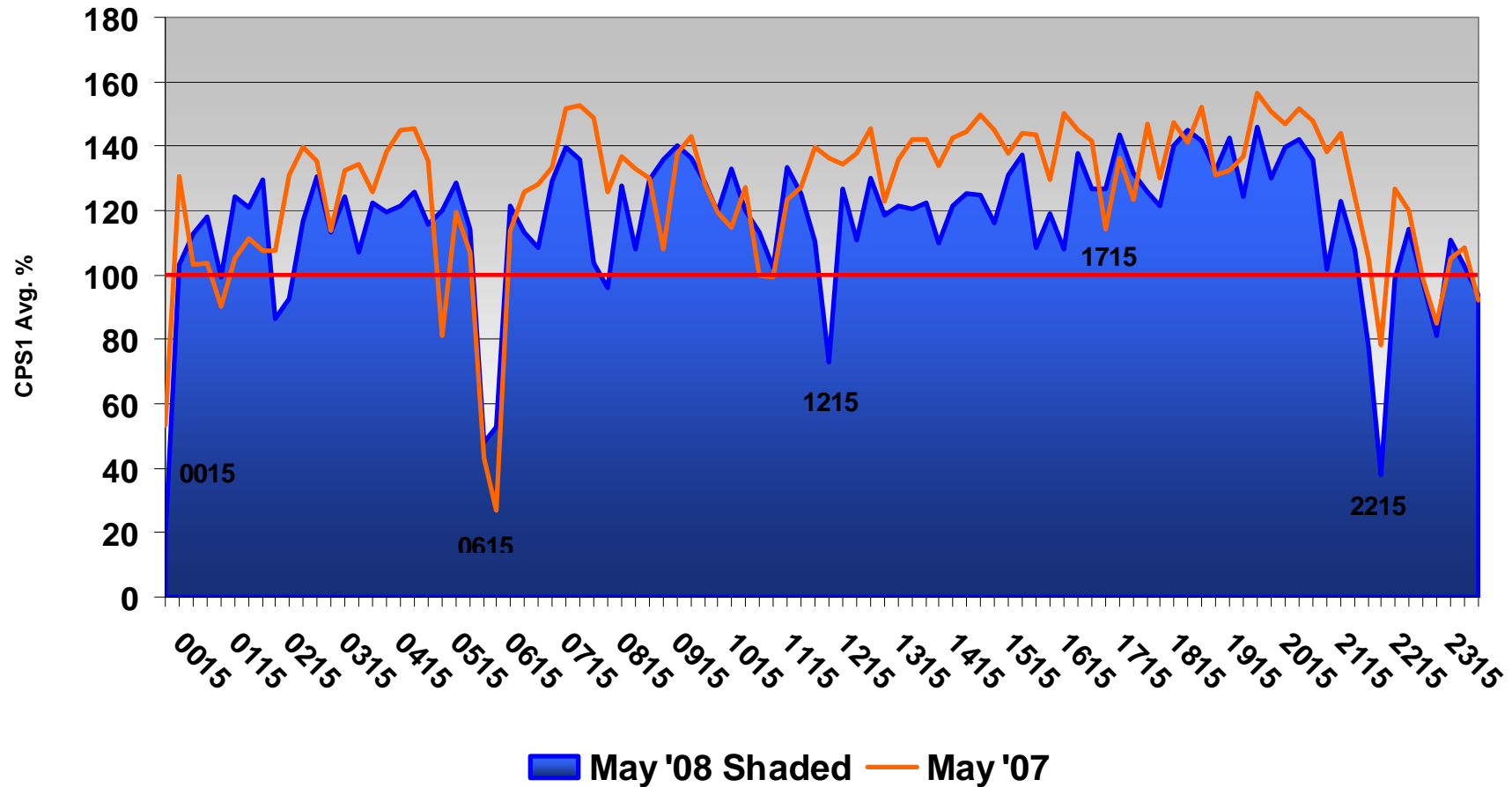
ERCOT CPS1 Performance Comparison



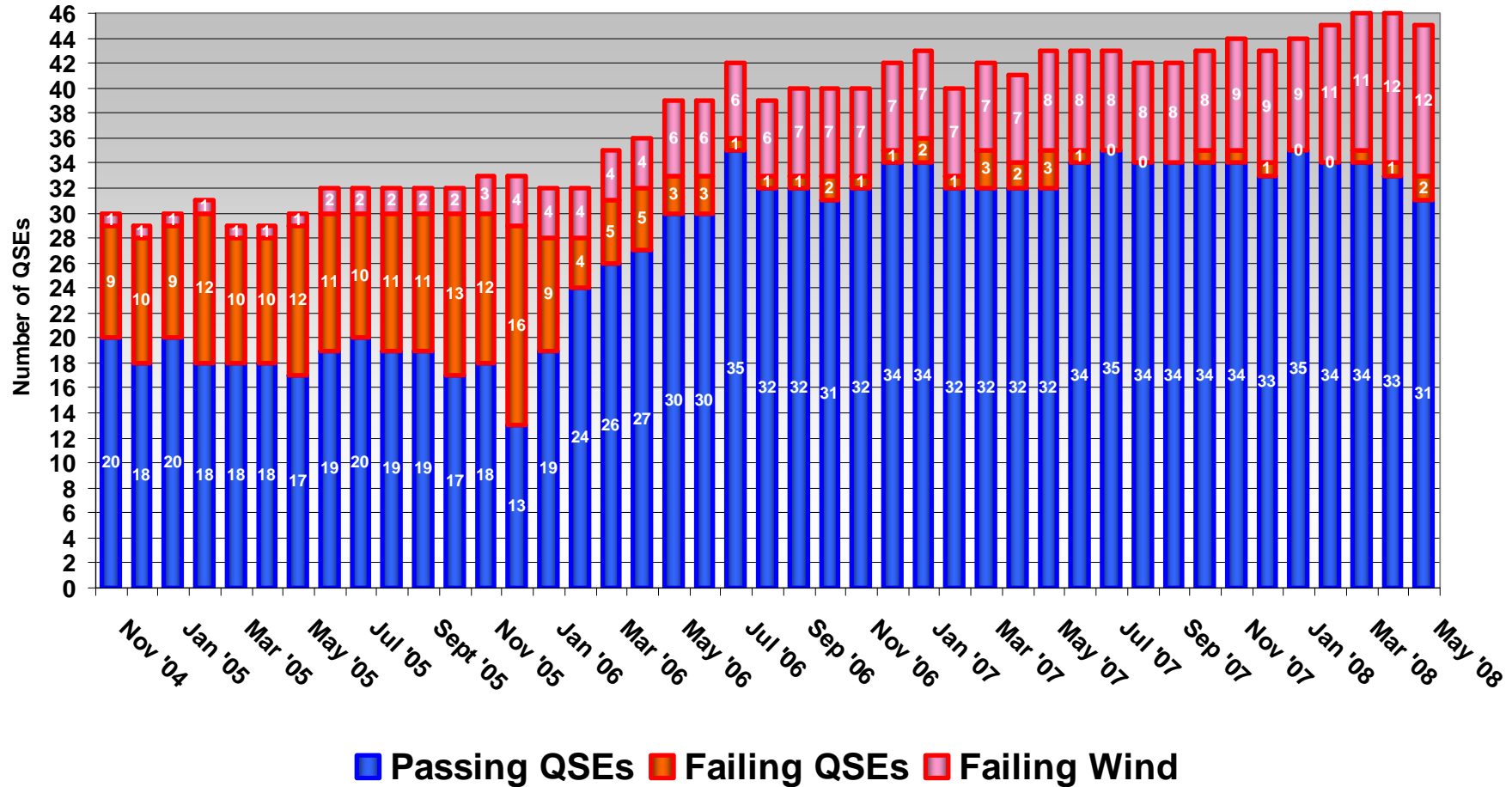
ERCOT's CPS1 Monthly Performance



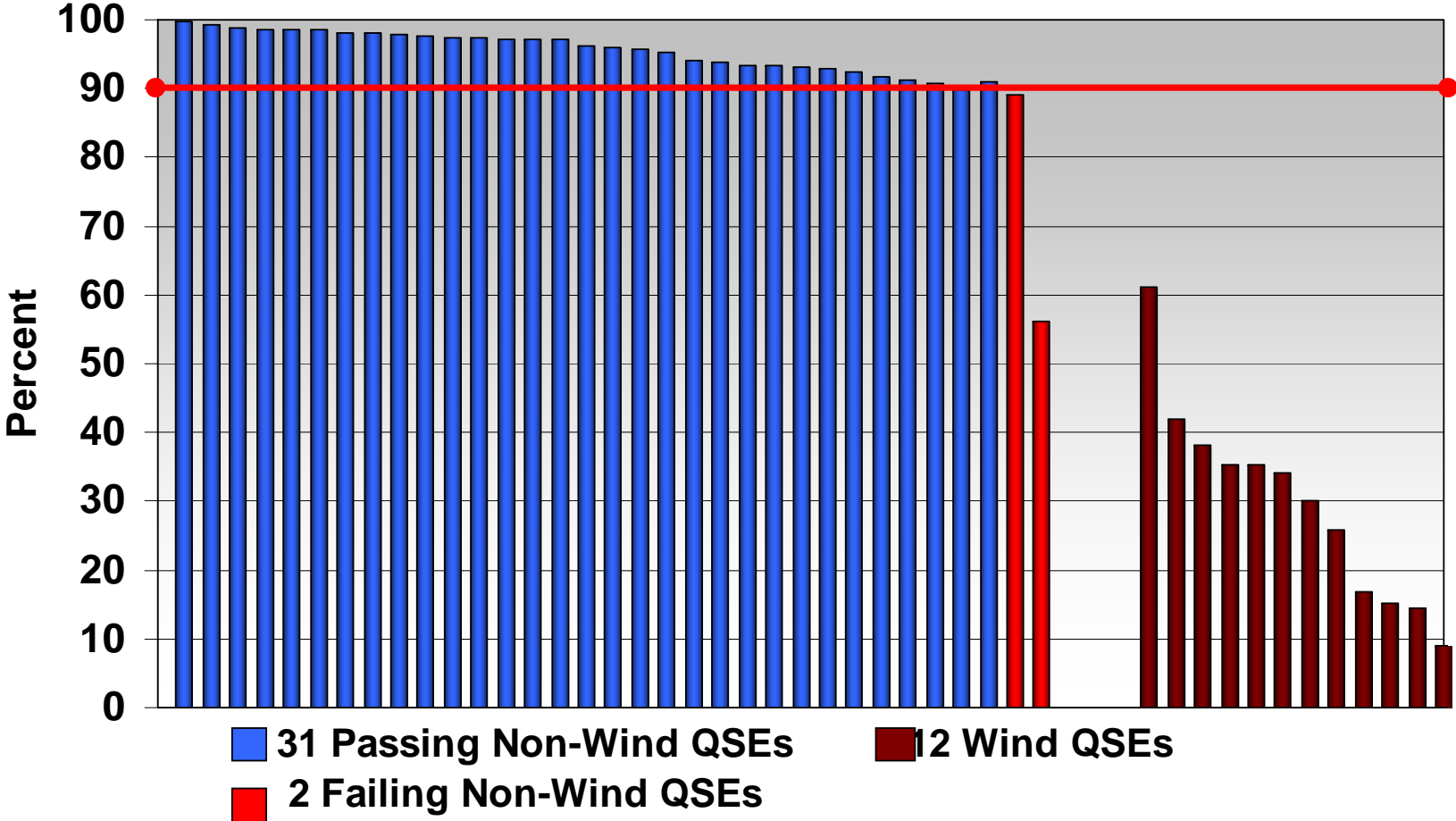
ERCOT CPS1 by Time Interval



QSE PRR 525 10-Minute Interval Scoring

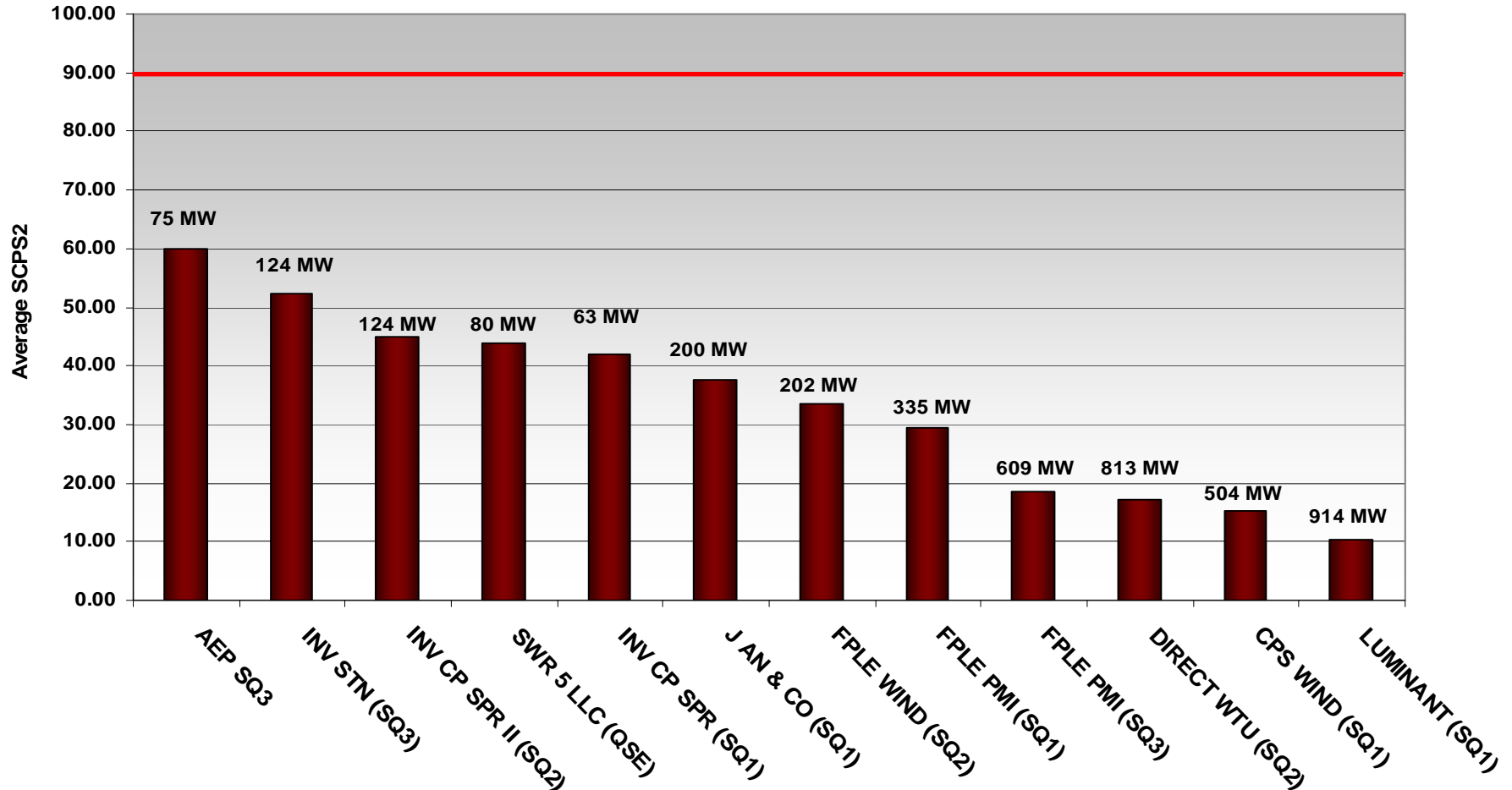


May 2008 - SCPS2 Scores



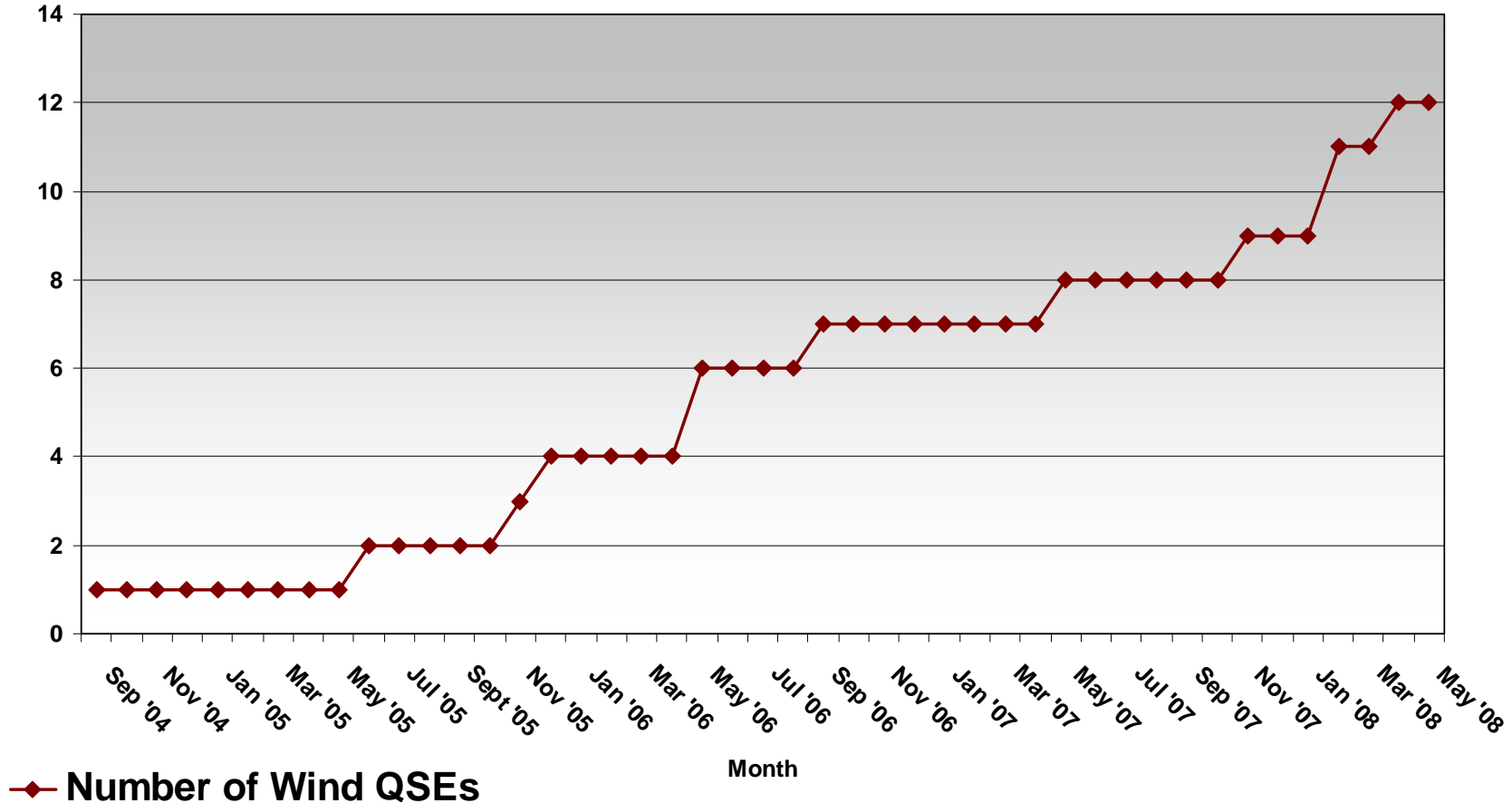
*Wind-only QSEs have an exemption from this Protocol requirement.

Six Month Average Wind SCPS2 Scores



*Wind-only QSEs have an exemption from this Protocol requirement.

Total Number of Wind QSEs



*Wind-only QSEs have an exemption from this Protocol requirement.

May 2008 Resource Plan Performance Metrics

Resource Plan Performance Metric	ID																											
	HS	BF	BE	DP	EU	FX	JH	JI	JJ	JC	BG	CX	FK	HW	IN	IZ	JK	BX	CC	JE	CD	FS	AC	CQ	IV	FC	IO	FY
Resource Status	-	-	-	100	96	-	-	-	-	-	95	100	99	100	100	100	-	98	97	-	100	100	100	99	-	-	86	-
LSL as % of HSL	-	-	-	100	100	-	-	-	-	-	98	99	97	96	99	96	-	99	91	-	99	100	100	92	-	-	100	-
DA Zonal	98	100	100	100	100	-	-	-	-	99	100	100	100	96	99	100	100	100	99	100	100	100	-	98	100	100	100	-
AP Zonal	99	100	97	100	100	100	99	99	100	100	99	98	100	97	99	100	100	95	96	100	100	100	100	100	100	33	79	-
Down Bid & Obligation	98	100	97	100	99	100	100	100	100	100	100	97	100	95	94	100	100	95	94	100	74	-	89	100	100	99	-	-
Total Up AS	-	-	-	91	98	-	-	-	-	-	99	99	98	86	77	-	-	100	97	-	100	-	-	98	-	-	-	77

Resource Plan Performance Metric	ID																											
	JG	DK	BT	DE	IP	AP	AO	HA	BY	BC	JA	AY	AM	AR	BR	HJ	DF	CI	AE	AD	BJ	BH	JD	CF	ET	DA	GR	GS
Resource Status	-	100	-	100	100	100	100	100	100	100	100	99	100	100	99	-	100	100	-	100	97	-	100	99	100	100	-	-
LSL as % of HSL	-	93	-	100	98	100	98	93	99	100	100	100	84	97	93	-	100	95	-	99	98	-	99	99	100	100	-	-
DA Zonal	-	100	98	100	100	100	100	100	100	100	100	91	100	100	99	100	100	85	100	99	100	100	100	100	-	98	98	98
AP Zonal	100	97	98	100	99	100	100	99	99	100	100	98	100	99	99	99	99	95	-	99	97	97	100	97	89	98	100	100
Down Bid & Obligation	100	97	97	97	100	99	97	99	92	100	97	100	65	100	99	100	94	94	-	96	95	99	98	99	100	94	100	100
Total Up AS	-	-	-	99	-	100	97	99	95	98	100	97	99	100	92	-	100	-	-	-	-	-	99	98	100	92	-	-

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

Analysis of May 2008 Resource Plan Performance Metrics

- **Eight entity ID's had their first consecutive failing score (less than 90%)**

* Indicates entities that failed in more than one area

- **One entity ID had their second consecutive failing score**

AP Zonal	LSL as % of HSL
<ul style="list-style-type: none"> • FC 33% • IO 79%* 	<ul style="list-style-type: none"> • AM 84%*
DA Zonal	Resource Status
<ul style="list-style-type: none"> • CI 85% 	<ul style="list-style-type: none"> • IO 86%*
Down Bid and Obligation	Total Up AS
<ul style="list-style-type: none"> • AC 89% • AM 65%* • CD 74% 	<ul style="list-style-type: none"> • FY 77% • HW 86% • IN 77%

Registration Activities

- NERC Entity Registration issues continue to be addressed and are being resolved
- Load-Serving Entity (LSE) registration issues being addressed
 - NERC LSE Compliance Workshop was held on April 15, 2008 to address issues and obtain input from the entities
 - NERC made modifications to the registry criteria and posted for 30 days for public comment (the commenting period ended May 30, 2008)
 - NERC Registry Criteria were modified to include all Distribution Providers (DPs) as LSEs
 - After reviewing the comments, NERC will issue their decision in next few months
 - The LSE registration criteria could change after NERC's decision
- Appeals
 - NERC Board of Trustees Compliance Committee (BOTCC) has sided with the Texas RE to continue classifying Constellation and Power Resource Limited (PRL) as Generator Operators (GOPs)
 - There is one NERC registration appeal remaining

Registration Activities (continued)

- Joint Registration Organization (JRO) of some entities remains likely
 - JRO agreement forms and applications are available online at the [Texas RE website](#).
- ERCOT ISO, as a Transmission Operator (TOP) is in the process of negotiating with NERC registered Transmission Owners (TOs) to reach a TOP JRO agreement
 - Up to 28 additional TOPs

Regional Standards Activities

- SAR-004- TRE-01: ERCOT-Specific Sabotage Reporting Regional Standard
 - Remanded by RSC on May 27, 2008 for further clarification and modification
- SAR-003-TRE-01: FERC-Ordered Modification to ERCOT Waiver to R2 of BAL-001-0 CPS2
 - Accepted by RSC on May 27, 2008
 - On the June ROS agenda to form the SDT

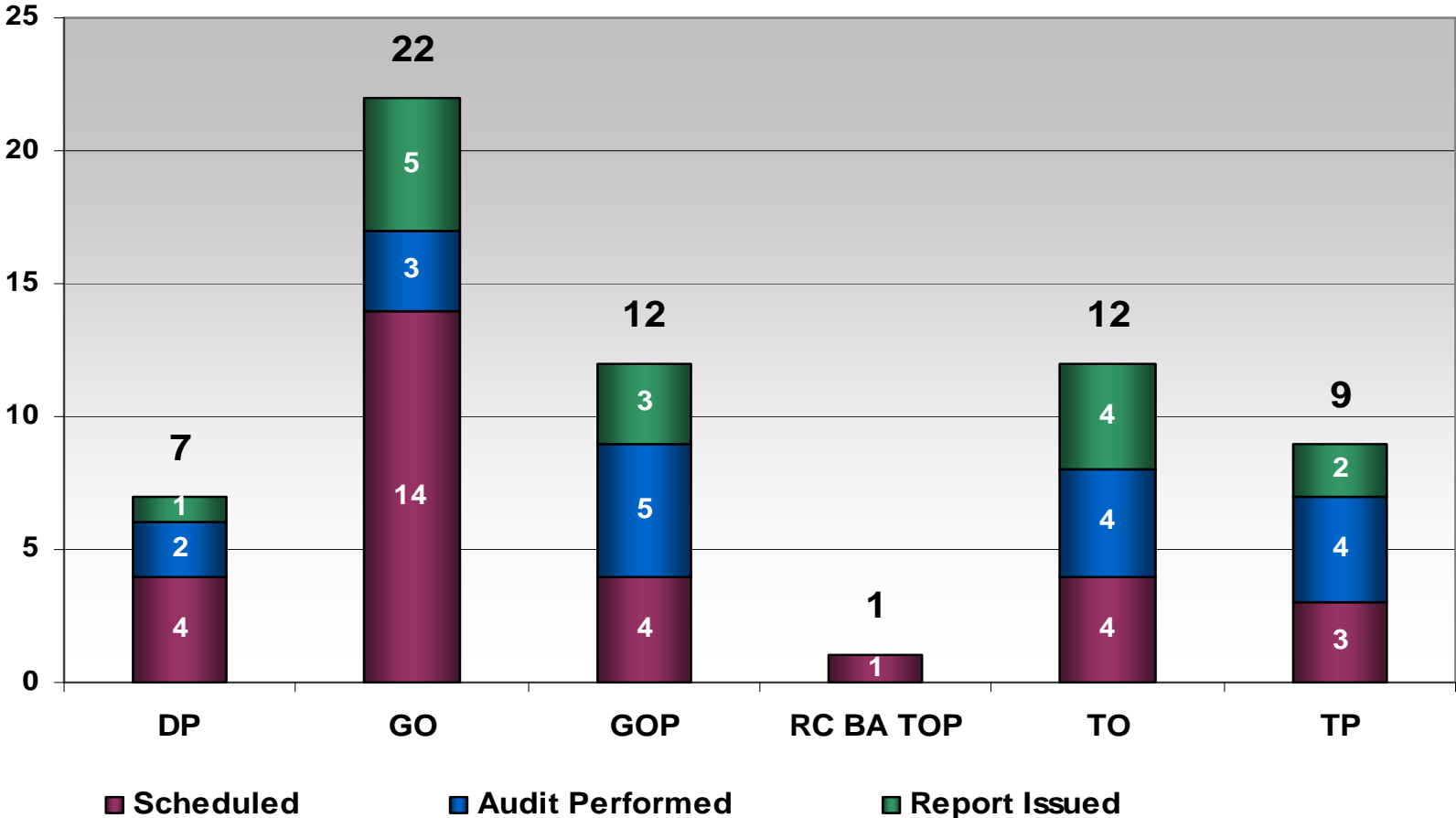
Regional Standards Activities (cont.)

- SAR-002-TRE-01: Development and Documentation of Regional UFLS Program
 - Accepted by RSC on May 27, 2008
 - On the June ROS agenda to form the SDT
- SAR-001-TRE-01: Provision for ERCOT ISO to Participate and have a Vote in the Regional Standards Processes
 - Accepted by RSC on January 29, 2008
 - SDT to meet for the second time on June 3, 2008

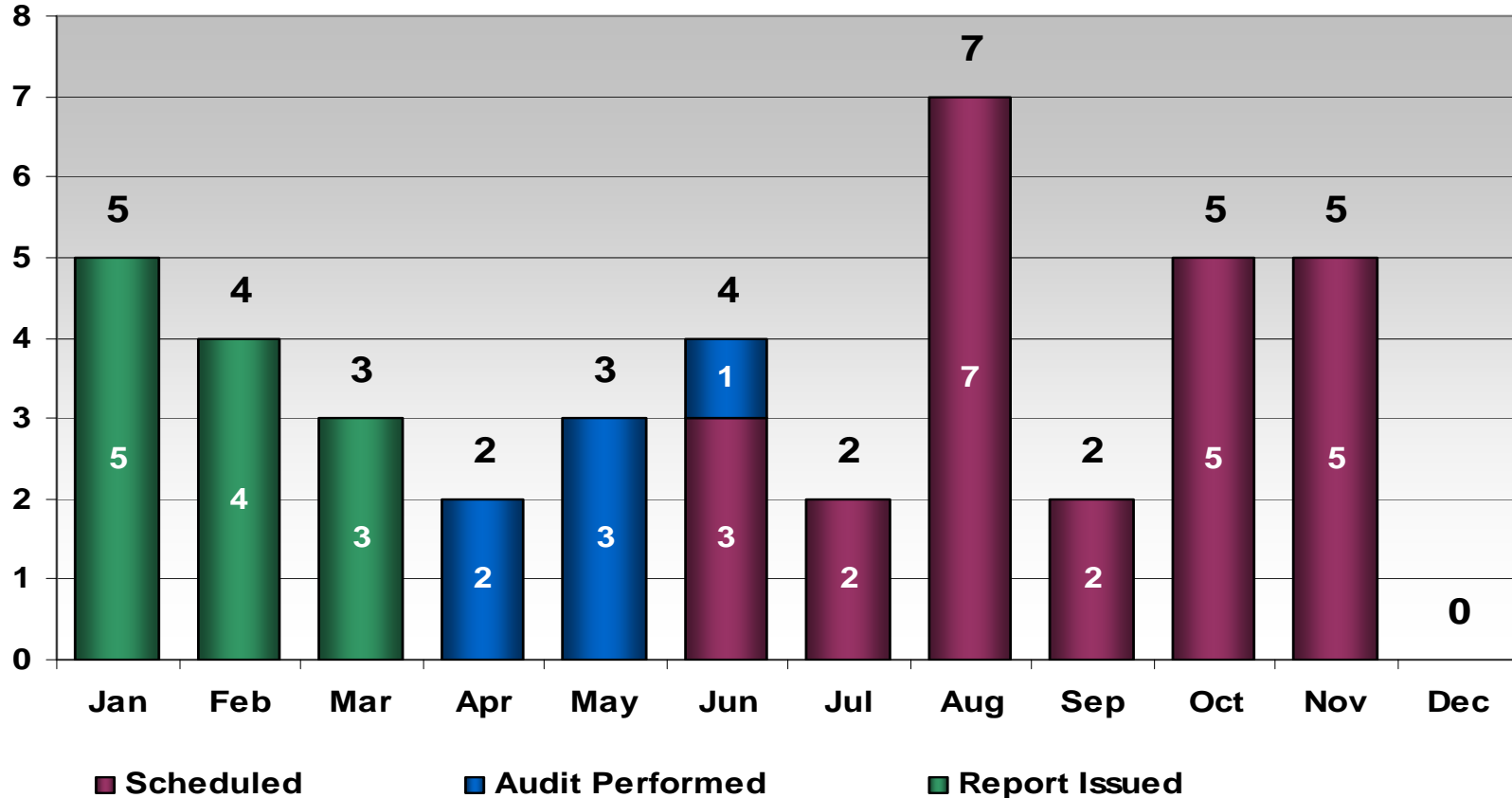
Compliance Process Flowcharts

- 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

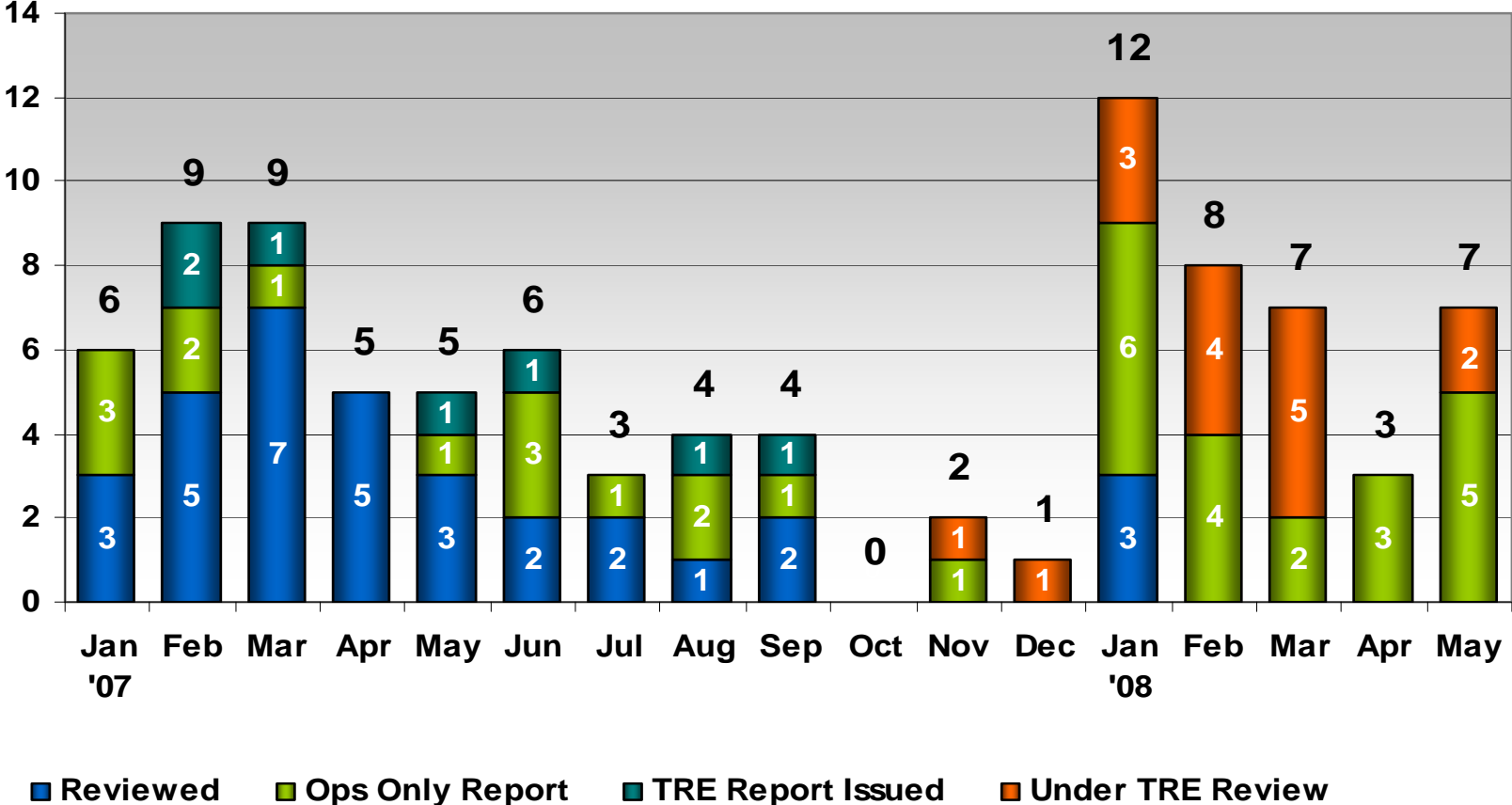


2008 Compliance Audits Scheduled by Entity



The 2008 Texas RE Audit Schedule and completed NERC reports are available on the [NERC Website](#).

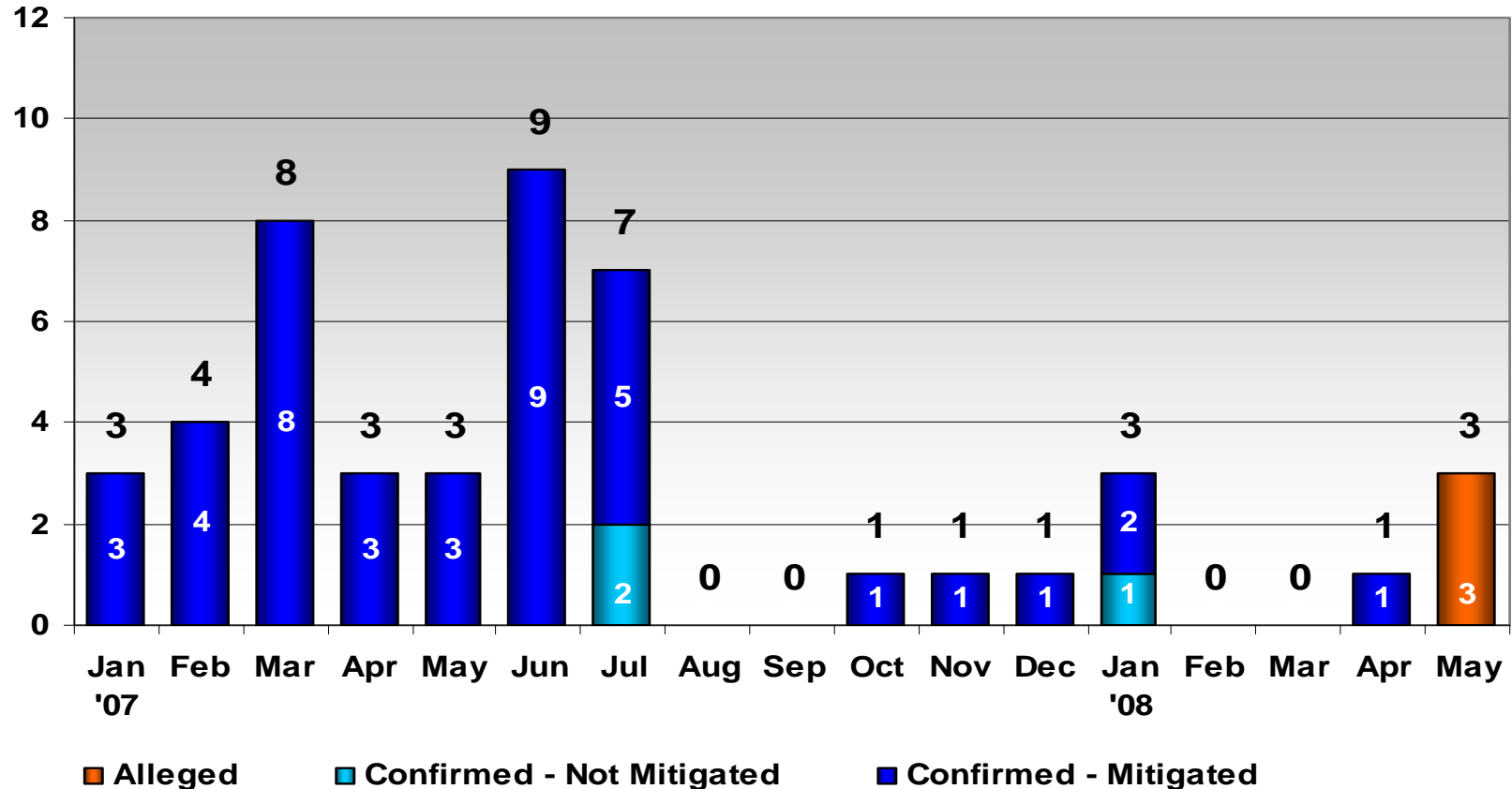
Compliance Reviews of Events by Month



Analysis of the Compliance Reviews of Events by Month

Event Date	Event Name	Potential Violations	Needed
11/29/2007	EECP Step 1	IRO-005	Final Report - Draft Written
12/12/2007	Possible DCS Event	Protocol 6.5.4	Final Report - Draft Written
1/4/2008	SPS Misoperation	Standards PRC-016; PRC-017	Under Texas RE Review
1/15/2008	SPS Misoperation	Under Texas RE Review	Under Texas RE Review
1/21/2008	SPS Misoperation	Standards PRC-016; PRC-017	Under Texas RE Review
2/19/2008	Loss of Multiple Elements	Under Texas RE Review	Under Texas RE Review
2/24/2008	SPS Misoperation	Protocol 7.2.3.3	Under Texas RE Review
2/26/2008	EECP Step 2	TOP-002, BAL 002, BAL 005, COM-002, IRO 005	Under Texas RE Review
2/28/2008	SPS Misoperation	Protocol 7.2.3.3	Under Texas RE Review
3/10/2008	SPS Misoperation	Protocol 7.2.3.3	Under Texas RE Review
3/13/2008	SPS Misoperation	Protocol 7.2.3.3	Under Texas RE Review
3/16/2008	Possible DCS Event	Under Texas RE Review	Under Texas RE Review
3/18/2008	Loss of Multiple Elements	Under Texas RE Review	Under Texas RE Review
3/21/2008	SPS Misoperation	Protocol 7.2.3.3	Under Texas RE Review
5/1/2008	Voltage Dev > 5%	Under Texas RE Review	Under Texas RE Review
5/9/2008	Loss of Multiple Elements	Under Texas RE Review	Under Texas RE Review

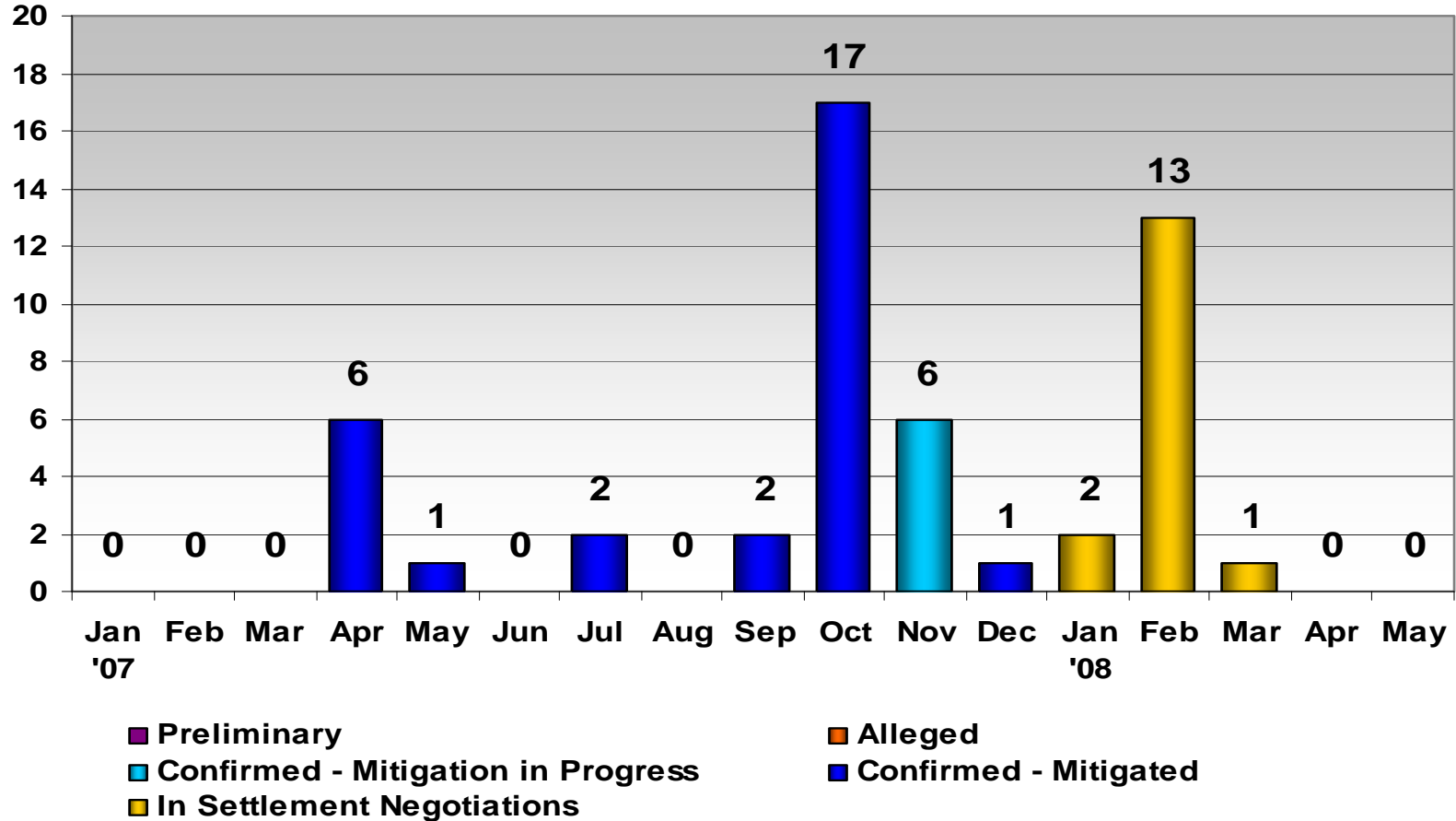
Violations of ERCOT Protocols



Analysis of the Violations of ERCOT Protocols

- **There were 3 Alleged Violations of Protocols in May**
- **2 LaaR violations open from July 2007 and 1 LaaR violation open from January 2008**
 - Entities currently in the process of completing mitigation plans

Violations of NERC Standards Reported by Month



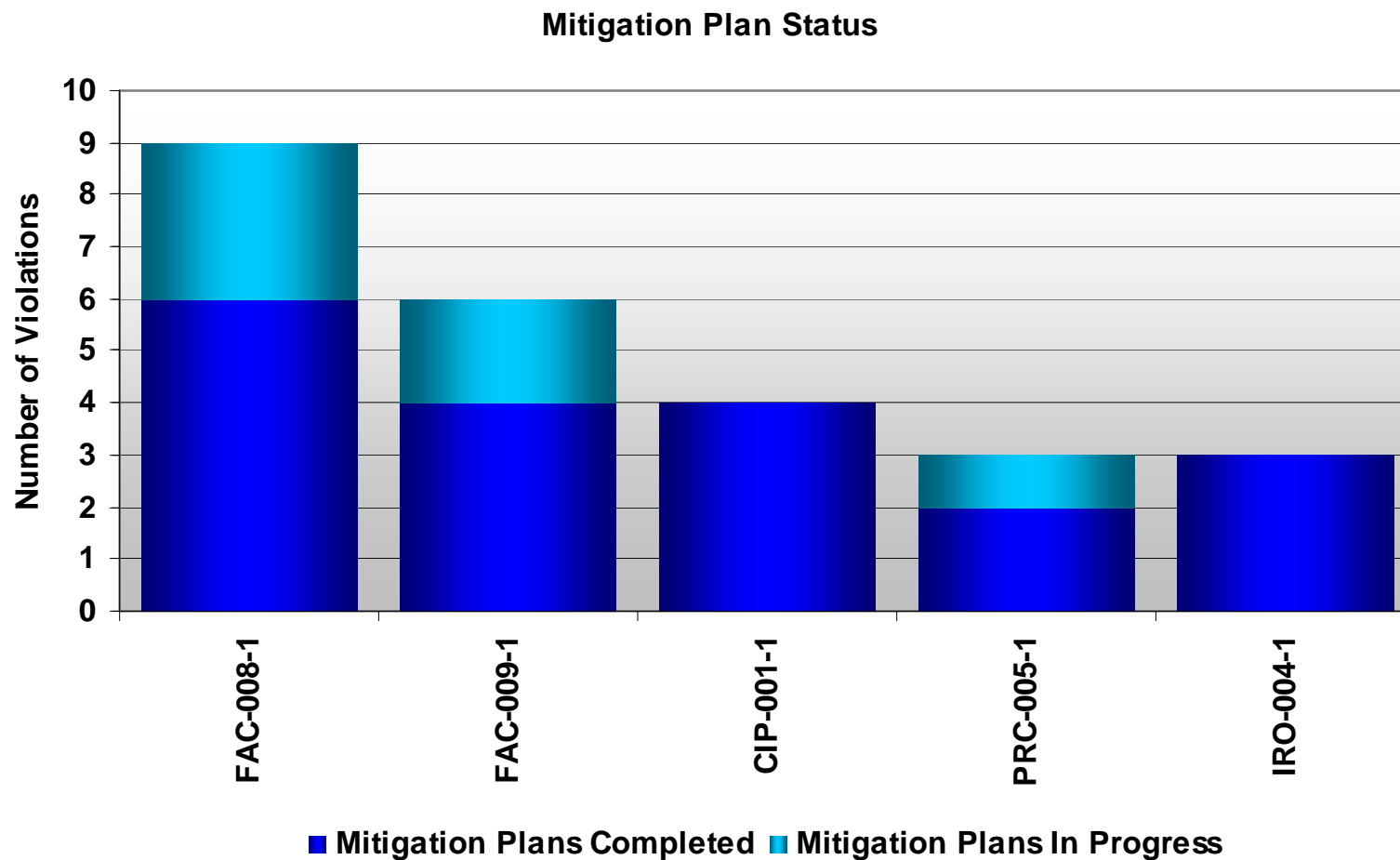
Analysis of the Violations of NERC Standards Reported by Month

- **There were no violations of NERC standards reported this month**
- **16 Violations are in settlement negotiations (4 Registered Entities)**
- **6 mitigation plans have been sent to NERC for approval**
 - We are currently awaiting updated mitigation plan completion dates from one registered entity for the 6 violations

2007 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)

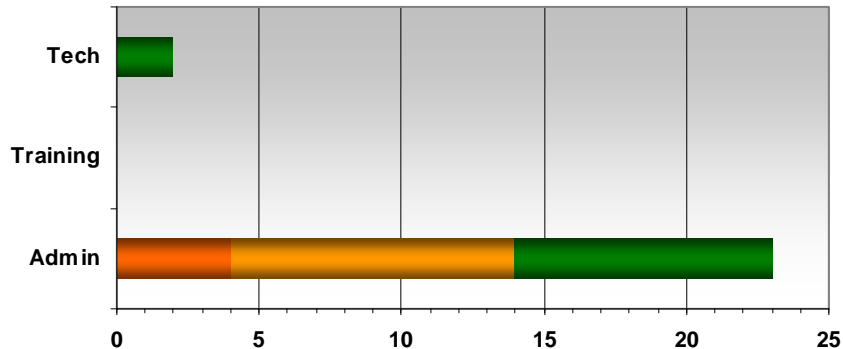
2007 NERC Standards Self-Certification Violation Status



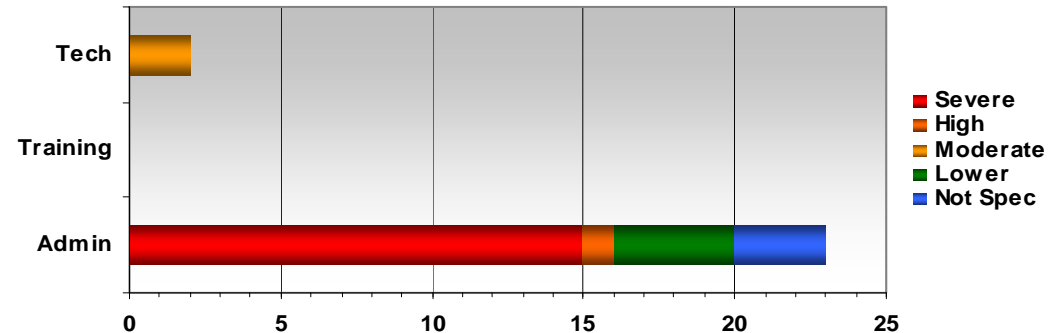
2007 NERC Standards Self-Certification Violation Details

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

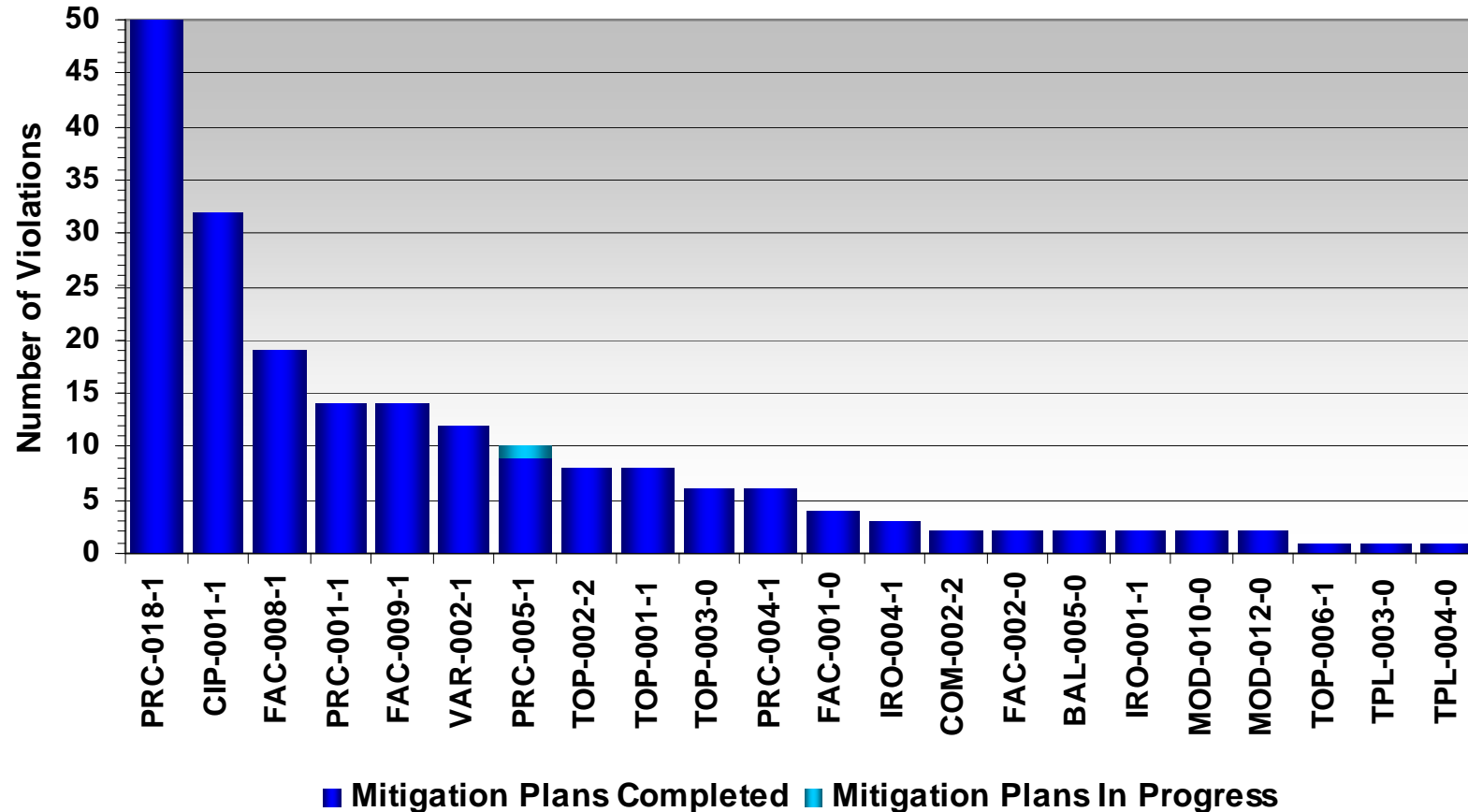


Violation Severity Level

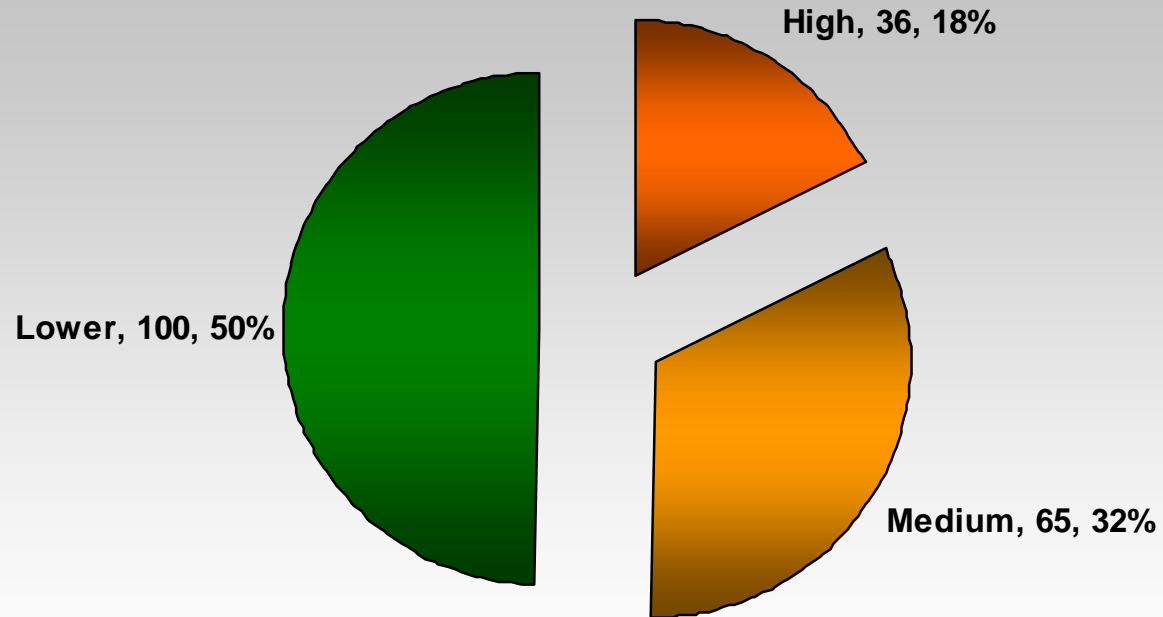


NERC Standards Self-Reported Violations Pre-June 18th 2007

Mitigation Plan Status



Risk Factors for Self-Reported NERC Standards Violations Pre-June 18th 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 18th 2007

