

2008 ERCOT KEY PERFORMANCE INDICATOR MATRIX

	KPIs	CURRENT QUARTER PERFORMANCE	PRIOR QUARTER PERFORMANCE	TREND	STATUS
				[Up, Down or Same?]	
1	Compliance with ERCOT Protocols, and NERC Standards and Requirements	On track to meet all goals.	N/A	Same	On Target
2	Retail Transaction Processing in Accordance with Protocols	On track with some IT production issues	N/A	Same	On Target
3	Wholesale Transaction Processing in Accordance with Protocols	On track with some IT production issues	N/A	Same	On Target
4	Completion of Nodal Milestones in Accordance with Schedule and budget	Not on track to meet all goals	N/A	Down	Program is late due to CIM importer delay. New schedule under development. Budget will exceed \$319.5 million.
5	Conduct Base Operations Within Approved Budget	On track	N/A	Same	Progressing
6	Conduct Legal, Legislative and Regulatory Activities in Accordance With Rules	On track	N/A	Same	Progressing
7	Hire and Retain the Staff Necessary to Meet the Business Demands	On track	N/A	Same	On Target
8	Receipt of Favorable Financial and SAS 70 Audits	On track	N/A	Same	Progressing
9	Sustain and strive to improve market participant satisfaction within legislative, regulatory and corporate governance parameters.	The results of the survey were presented to the Board at its June meeting.	N/A	Same	The final report on the survey is near completion. An action plan responding to the survey results will be presented to the Board in September.

ERCOT
KEY PERFORMANCE INDICATORS AND 2008 GOALS
KPI 1. Compliance with ERCOT Protocols, and NERC Standards and Requirements

KPI	Pct of KPI	Goal	Officer	Measurement	% Status	Performance
1. Compliance with ERCOT Protocols, and NERC Standards and Requirements	20%	Complete the reviews of all projects submitted for regional planning along with the ERCOT 5-Year Transmission Plan.	Bojorquez, Bill	Complete the 5-year plan and 90% of regional planning project review on time	Ongoing	On Target
	10%	Complete all generation interconnection and reliability must run studies in accordance with PUCT rules and ERCOT protocols.	Bojorquez, Bill	95% of generation interconnections and reliability must run studies completed on time.	Ongoing	On Target
	20%	Achieve full compliance with NERC/ERO standards, ERCOT protocols and PUCT rules requirements for ERCOT planning and reporting functions and the transmission Congestion Rights and Renewable Energy Credit Programs.	Bojorquez, Bill	No more than 2 planning related exceptions from NERC standards, PUCT rules or ERCOT protocols.	Ongoing	On Target
	10%	Maintain 98% or better compliance in annual Operations Audit.	Saathoff, Kent	98% compliance	Operations Audit will be done later this year	On Target
	20%	Comply with all NERC/ERO operating reliability standards and requirements.	Saathoff, Kent	No emergency conditions or loss of firm load attributable wholly or in part to violation of NERC/ERO standards and requirements and no more than 3 operations related exceptions from NERC Standards.	Internal reviews and NERC Readiness Review have found no areas of non-compliance. Undergoing Compliance Violation Investigation of February EECP by NERC. TRE Compliance Audit scheduled for September 2008	On Target
	10%	Comply with all ERCOT Protocols and Operating Guides	Saathoff, Kent	No more than 3 operating related exceptions from ERCOT Protocols and Operating Guides	One violation reported to PUCT regarding public appeal for conservation during EECP.	On Target
	10%	Complete Operating Procedures and Training for the Nodal Market.	Saathoff, Kent	Procedures & training completed by end of 3rd qtr	Base procedures developed and being refined as EDS systems delivered; training started.	On Target
Total Pct	100%					

ERCOT
KEY PERFORMANCE INDICATORS AND 2008 GOALS

KPI 2. Retail Transaction Processing in Accordance with Protocols

KPI	Pct of KPI	Goal	Officer	Measurement	Status	Performance
2. Retail Transaction Processing in Accordance with Protocols	20%	ERCOT Initiated 814 Switch Transactions – Enrollment and Meter Read Scheduling	Giuliani, Ray	99.00%	On Target	99.64%
	20%	ERCOT Initiated Switch 867 Transactions – Historical and Initial Meter Read Deliveries	Giuliani, Ray	99.00%	On Target	99.99%
	20%	ERCOT Initiated MIMO 814 Transactions – Enrollment and Meter Read Scheduling	Giuliani, Ray	95.00%	On Target	99.53%
	20%	ERCOT Initiated MIMO 867 Transactions – Historical and Initial Meter Read Deliveries	Giuliani, Ray	99.00%	On Target	99.91%
	20%	Provide overall reliability of 99.9%, with reliability defined in retail segment service expectation agreement	Hinsley, Ron	99.90%	99.03% Availability 99.90% SLA Target	YTD through June 30. Much improved numbers since March 31.
Total Pct	100%					

ERCOT
KEY PERFORMANCE INDICATORS AND 2008 GOALS
KPI 3. Wholesale Transaction Processing in Accordance with Protocols

KPI	Pct of KPI	Goal	Officer	Measurement	Status	Performance
3. Wholesale Transaction Processing in Accordance with Protocols	25%	Percent of transactions processed within the settlement calendar which followed the calendar.	Giuliani, Ray	99.00%	Target Not Met	100.00%
	25%	Completed and accurate EPS meter data for settlement runs	Giuliani, Ray	99.00%	On Target	99.96%
	25%	Percent of IDR data captured by true-up as requested from MRE.	Giuliani, Ray	99.92%	On Target	99.92%
	25%	Percent of Completed dispute filings in accordance to protocol – Annual	Giuliani, Ray	95.00%	On Target	99.51%
Total Pct	100%					

**ERCOT
KEY PERFORMANCE INDICATORS AND 2008 GOALS**

KPI 4. Completion of Nodal Milestones in Accordance with Schedule

KPI	Pct of KPI	Goal	Officer	Measurement	Status	Performance
4. Completion of Nodal Milestones in Accordance with Schedule	10%	Monitor and execute Nodal program to meet critical milestone dates and meet approved budget levels.	Hinsley, Ron	10% completion of milestones within 60 days of plan. 90% completion of milestones per plan.	Will not meet December 1 go-live. CIM importer is later than promised. However, many other systems have achieved significant milestones, including load frequency testing and live CRR auction.	Project spending likely to exceed \$319.5 million. Program Management office was redesigned and new staff put in place. New schedule being developed.
	10%	Mobilize the Congestion Revenue Rights team to complete the testing of the CRR Systems and the completion of all business processes and procedures.	Bojorquez, Bill	Project milestones are met on time and delivered to the specifications as determined by the Nodal project team.	Ongoing	On Target
	10%	Support successful completion of Texas Nodal Implementation in Credit Monitoring	Byone, Steve	Project milestones are met on time and delivered to the specifications as determined by the Nodal project team.	Ongoing	On Target
	20%	Support successful completion of Texas Nodal Implementation in Program Controls, Infrastructure, Enterprise Integration Program & Testing, Enterprise Data Warehouse (tool), and Market Engagement Readiness	Hinsley, Ron	Project milestones are met on time and delivered to the specifications as determined by the Nodal project team.	Most milestones achieved with the exception of Network Model Management System, which requires CIM importer.	Software drops delivered on schedule; except Areva CIM Importer [several weeks late]; I-Test environment installed in BB.
	10%	Support successful completion of Texas Nodal Implementation in ERCOT Readiness Transition	Capezzuti, Nancy	Project milestones are met on time and delivered to the specifications as determined by the Nodal project team.	Ongoing	On Target
	20%	Support successful completion of Texas Nodal Implementation in Market Training, Management Info System, and Commercial	Giuliani, Ray	Project milestones are met on time and delivered to the specifications as determined by the Nodal project team.	On Target	Met all milestones through Q2
	20%	Support successful completion of Texas Nodal Implementation in Energy Management, Market Management, and Network Model	Saathoff, Kent	Project milestones are met on time and delivered to the specifications as determined by the Nodal project team.	Developed Nodal Transition Plans and providing all requested business resources to the Nodal projects.	On Target
Total Pct	100%					

ERCOT
KEY PERFORMANCE INDICATORS AND 2008 GOALS

KPI 5. Conduct Base Operations Within Approved Budget

KPI	Pct of KPI	Goal	Officer	Measurement	Status	Performance
5. Conduct Base Operations Within Approved Budget	10%	Facilitate quarterly performance reviews with executive officers.	Byone, Steve	Quarterly review held with documentation & discussion regarding action items	In Progress; On Target	Work relating to the "Deep Dive" exercise was substituted for the Q1 QBR and the Q2 QBR is scheduled to occur on July 8, 2008
	25%	Coordinate development of required fee filings (s) consistent with budgets; ensure synchronization across ERCOT base, Nodal and TRE budgets as warranted.	Byone, Steve	Accomplish in accordance with business planning	In Progress; On Target	Fee filings made timely for the 2009 base operating budget, revised Nodal Program, and 2009 Texas RE budget.
	20%	Manage total spending within approved Division/Dept 2008 authorized budget and ensure the Board and Commission receive timely projections of actual performance.	Byone, Steve	AuthorizedAnnual Budgetas of 12/31/2008	In Progress; On Target	Monthly financial reports (which year-to-date 2008 disclose that ERCOT is operating within aproved budget authority) are provided to the Board.
	10%	Coordinate PMO activities and obtain TAC and Board approval of projects.	Byone, Steve	AuthorizedAnnual Budgetas of 12/31/2008	On Target	The 2009 project priority list was reviewed and approved by management, TAC, and the Board. It has been filed with the PUCT for regulatory review and approval.
	5%	Manage total spending within approved Division/Dept 2008 authorized budget.	Saathoff, Kent	AuthorizedAnnual Budgetas of 12/31/2008	On Target	Tracking 13% under budget YTD through 5/31/08
	5%	Manage total spending within approved Division/Dept 2008 authorized budget.	Giuliani, Ray	AuthorizedAnnual Budgetas of 12/31/2008	On Target	Under Budget through Q2
	5%	Manage total spending within approved Division/Dept 2008 authorized budget.	Hinsley, Ron	AuthorizedAnnual Budgetas of 12/31/2008	Slightly over budget <1%	Timing on some hardware/software items causing slight overage.
	5%	Manage total spending within approved Division/Dept 2008 authorized budget.	Bojorquez, Bill	AuthorizedAnnual Budgetas of 12/31/2008	In Progress	On Target
	5%	Manage total spending within approved Division/Dept 2008 authorized budget.	Capezzuti, Nancy	AuthorizedAnnual Budgetas of 12/31/2008	In Progress	On Target
	5%	Manage total spending within approved Division/Dept 2008 authorized budget.	Grable, Mike	AuthorizedAnnual Budgetas of 12/31/2008	On Target	Significantly below Budget YTD
	5%	Manage total spending within approved Division/Dept 2008 authorized budget.	Byone, Steve	AuthorizedAnnual Budgetas of 12/31/2008	In Progress; On Target	The CFO organization is approximately 10% under its approved 2008 budget.
Total Pct	100%					

ERCOT

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KPI 6. Conduct Legal, Legislative and Regulatory Activities in Accordance With Rules

KPI	Pct of KPI	Goal	Officer	Measurement	Status	Performance
	20%	Legal Department personnel will be of assistance to other ERCOT departments.	Grable, Mike	Attorneys are doing increased proactive business issue contacts with other ERCOT departments	In Progress	On Target
	25%	Legal Department will guide ERCOT through System Administration Fee case,if needed for 2009 budget.	Grable, Mike	Commission meetings and other planning activities are underway.	In Progress	Nodal supplemental case completed successfully; System Admin Case filed June 2008
	20%	Legal Department personnel will periodically conduct in-house seminars on legal topics of interest and assistance to other ERCOT departments.	Grable, Mike	The GC and AGCs presented issue programs at Board Retreat in 2/07; additional programs will be presented periodically	In Progress	This will pick up in the second half of the year, with Legal fully staffed and trainings scheduled
	15%	Legal Department will closely monitor and limit its outside legal fees, in part, by using outside legal assistance only when necessary.	Grable, Mike	The Department is using outside counsel on a more limited basis and reviews outside expenses regularly	In Progress	Significantly under Budget YTD
	20%	Legal Department to meet all required filing dates and regulatory requirements	Grable, Mike	Meet all required dates	In Progress	On Target
Total Pct	100%					

ERCOT
KEY PERFORMANCE INDICATORS AND 2008 GOALS
 KPI 7. Hire and Retain the Staff Necessary to Meet the Business Demands

KPI	Pct of KPI	Goal	Officer	Measurement	Status	Performance	
7. Hire and Retain the Staff Necessary to Meet the Business Demands	20%	Select and impliment an automated performance evaluation process and provide trainig.	Capezzuti, Nancy	Implemented by December 31, 2008	In Process	On Target-Vendor Selected	
	20%	Develp succession plans for officer and director positions.	Capezzuti, Nancy	Complete by December 31, 2008	In Process	On Target-Presented Succession Plan for Directors and Succession Plan for Directors will be discussed in September	
	25%	Provide management training to all management staff.	Capezzuti, Nancy	Complete by December 31, 2008	In Process	On Target-Currently reviewing vendors for RFP	
	5%	Conduct Annual Performance evaluations on all applicable staff by 4/1/08 and provide regular feedback regarding performance.	Byone, Steve	Complete by December 31, 2008	Completed	Met Requirement	
	5%		Saathoff, Kent		Completed	Met Requirement	
	5%		Giuliani, Ray		Completed	Met Requirement	
	5%		Hinsley, Ron		Completed	Met Requirement	
	5%		Grable, Mike		Completed	Met Requirement	
	5%		Bojorquez, Bill		Completed	Met Requirement	
	5%		Capezzuti, Nancy		Completed	Met Requirement	
Total Pct	100%						

ERCOT
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KPI 8. Receipt of Favorable Financial and SAS 70 Audits

KPI	Pct of KPI	Goal	Officer	Measurement	Status	Performance
8. Receipt of favorable Financial and SAS 70 Audits	50%	Obtain unqualified ("clean") financial audit opinions	Byone, Steve	Unqualified Financial Audit	On Target	Met Requirements
	50%	SAS 70 Audit - Performance	Giuliani, Ray	Unqualified opinion for each SAS 70 control objective	On Target	Opinion will be issued in December 08
Total Pct	100%					

ERCOT
KEY PERFORMANCE INDICATORS AND 2008 GOALS
 KPI 9. Wholesale Transaction Processing in Accordance with Protocols

KPI	Pct of KPI	Goal	Officer	Measurement	Status	Performance
9. Sustain and strive to improve market participant satisfaction within legislative, regulatory and corporate governance parameters.	100%	Sustain and strive to improve market participant satisfaction within legislative, regulatory and corporate governance (i.e. By-Laws, Protocols, Operating Guides, etc.) parameters.	Kahn, Bob	Conduct a survey in early 2008 to (i) assess ERCOT's role as perceived by stakeholders and (ii) measure ERCOT's performance as perceived by market participants and compare the results of each to the previous surveys.	Survey Completed	Market Participants perceive ERCOT performance to be very good and, in most areas, improved as compared to previous surveys; some minor areas noted for improvement, but no significant problem areas
Total Pct	100%					