



**TEXAS
REGIONAL
ENTITY™**

An Independent Division of ERCOT

Texas Regional Entity Compliance Report

Larry Grimm
August 18, 2008

Texas RE Monthly Summary

- **For July.....**
 - **Protocol & Operating Guides violations**
 - 3 new violations
 - ◆ 1 UFLS violation involving 4 entities
 - ◆ 1 SCE violation
 - ◆ 1 Block Load Transfer violation
 - **NERC Standards violations**
 - No new alleged violations
 - **Reportable events**
 - 2 new events reported

Texas RE Monthly Summary (cont.)

- **Audits**
 - 1 entity audited
 - 4 entities 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
 - 6 resulting from self-certification violations
- **2 protocol mitigation plans completed**
- **Settlements**
 - 4 settlements in progress

Performance Highlights

- ERCOT's Control Performance Standard (NERC CPS1) score for July = 133.86
- Initial scores for July indicate 35 non-wind-only QSEs passed and 1 failed the SCPS2 measure
- All 13 active wind-only QSEs or sub-QSEs failed the SCPS2 measure but currently have an exemption from this Protocol requirement



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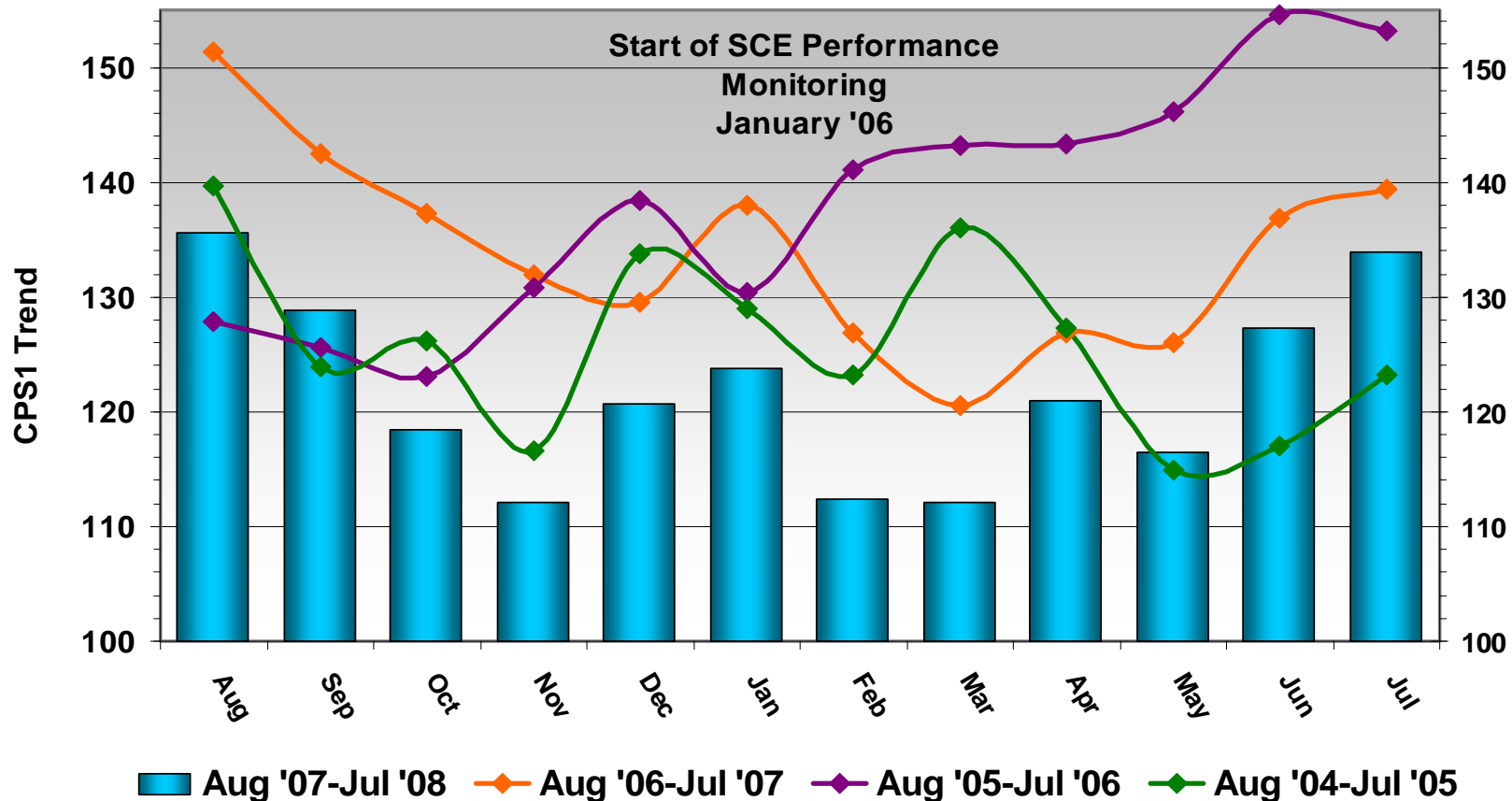
Texas Regional Entity

Report Details

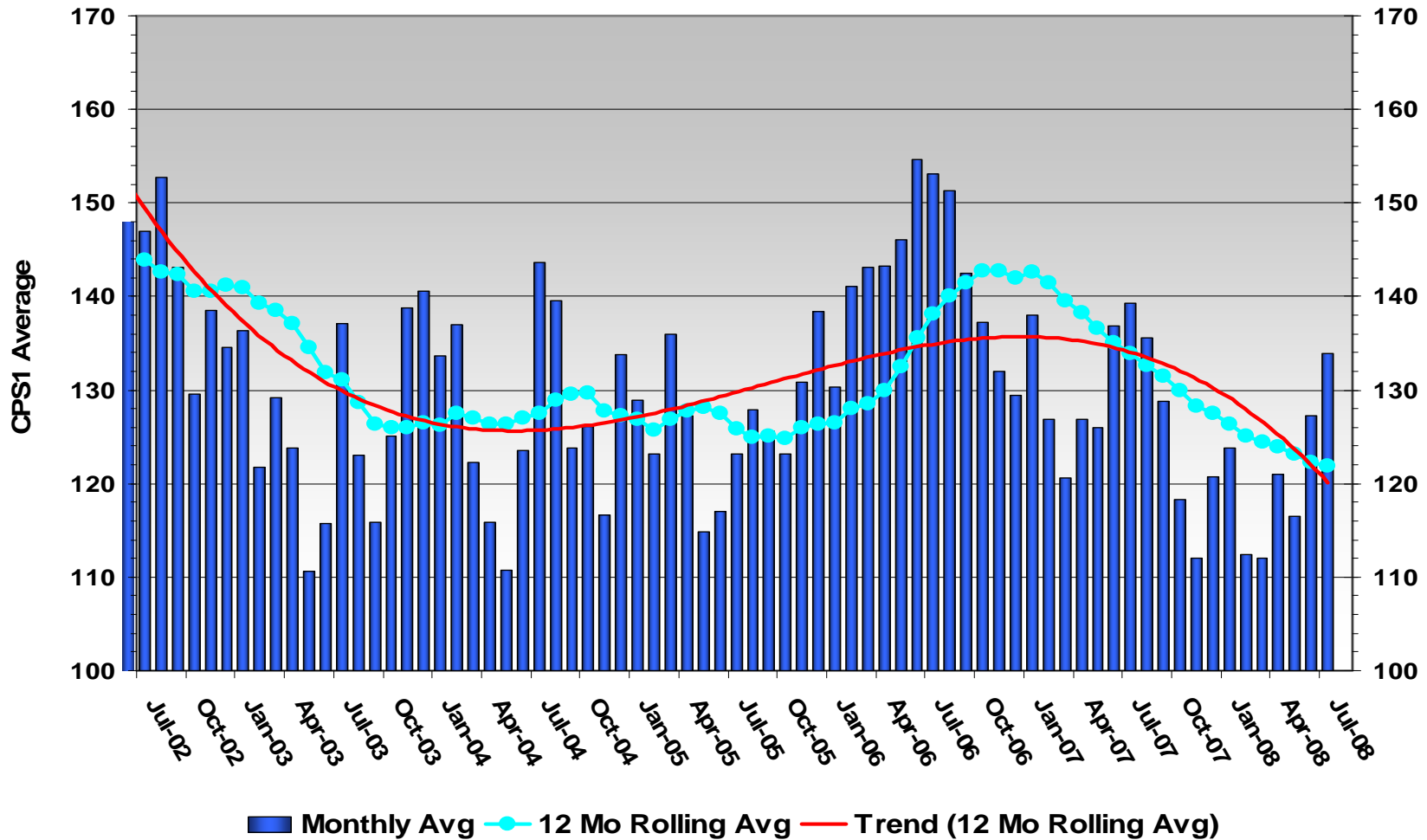
NERC CPS1 Performance

- ERCOT's CPS1 Performance
 - July Performance
 - Monthly comparison
 - ◆ 2008: 133.86
 - ◆ 2007: 136.78
 - 12 month rolling average comparison
 - ◆ August 2007 → July 2008: 121.87
 - ◆ August 2006 → July 2007: 133.92
- PRR 525 Performance
 - Scores posted on the ERCOT Compliance Website
 - [SCE Performance Scores](#)

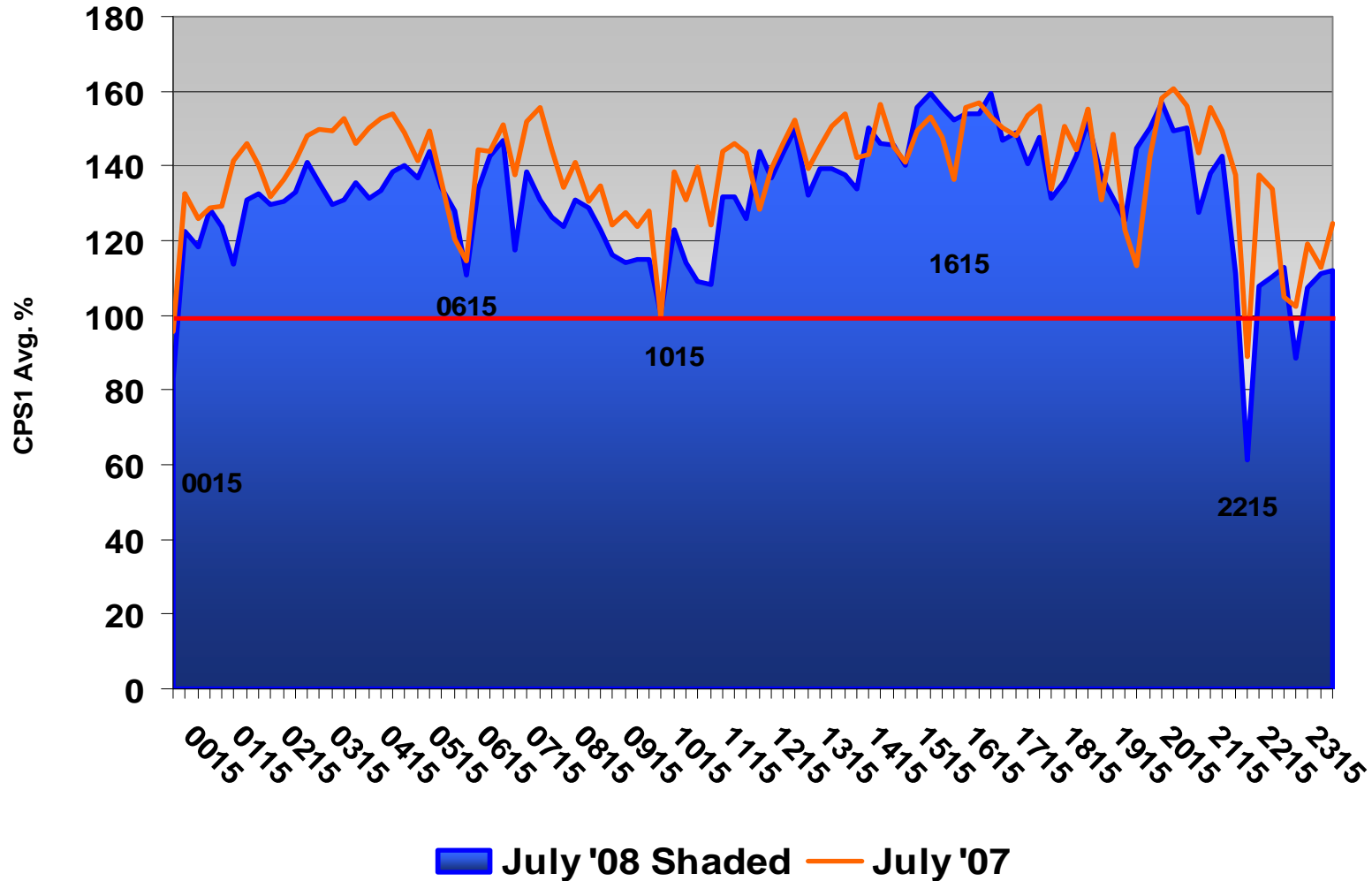
ERCOT CPS1 Performance Comparison



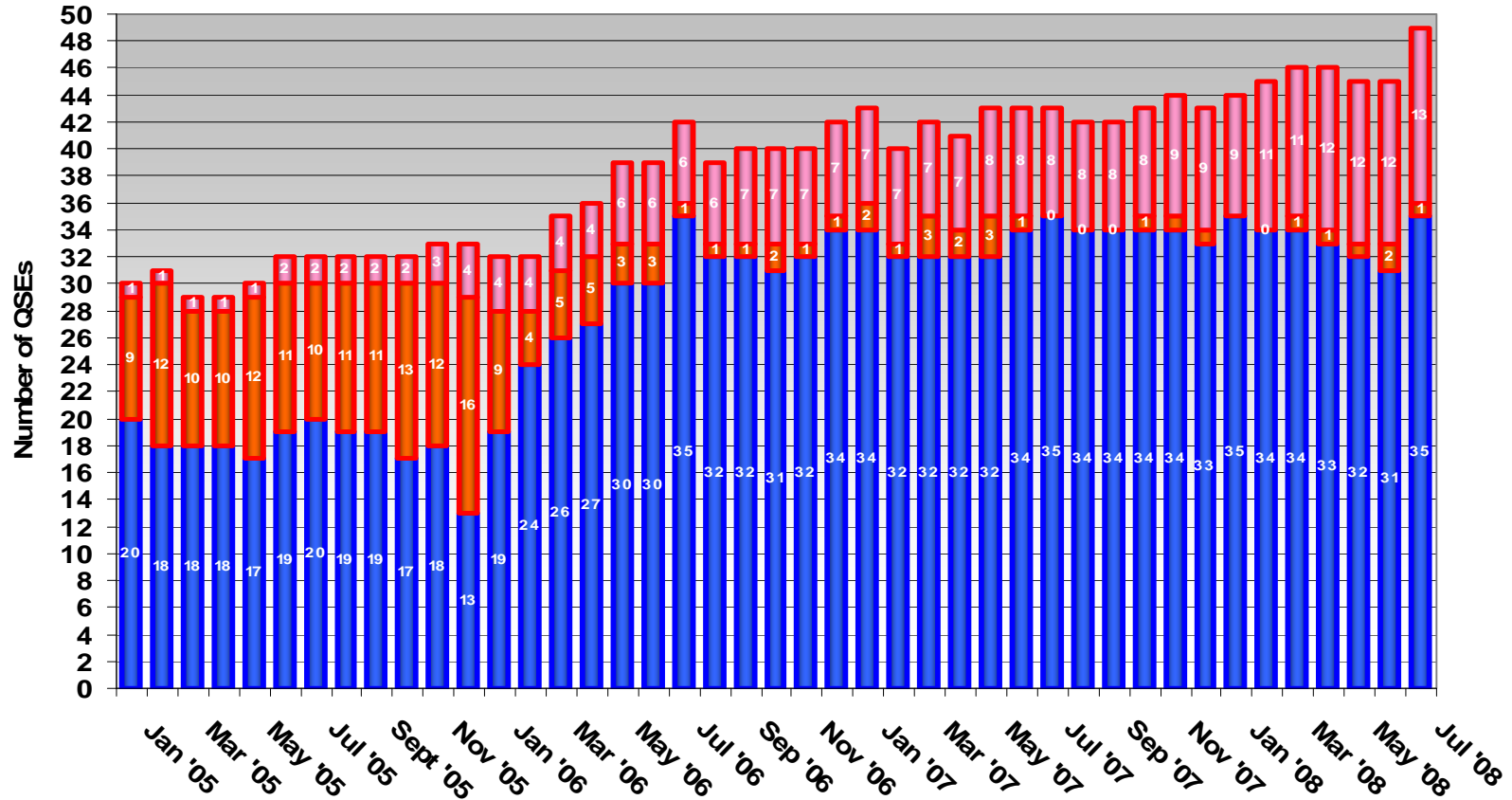
ERCOT's CPS1 Monthly Performance



ERCOT CPS1 by Time Interval



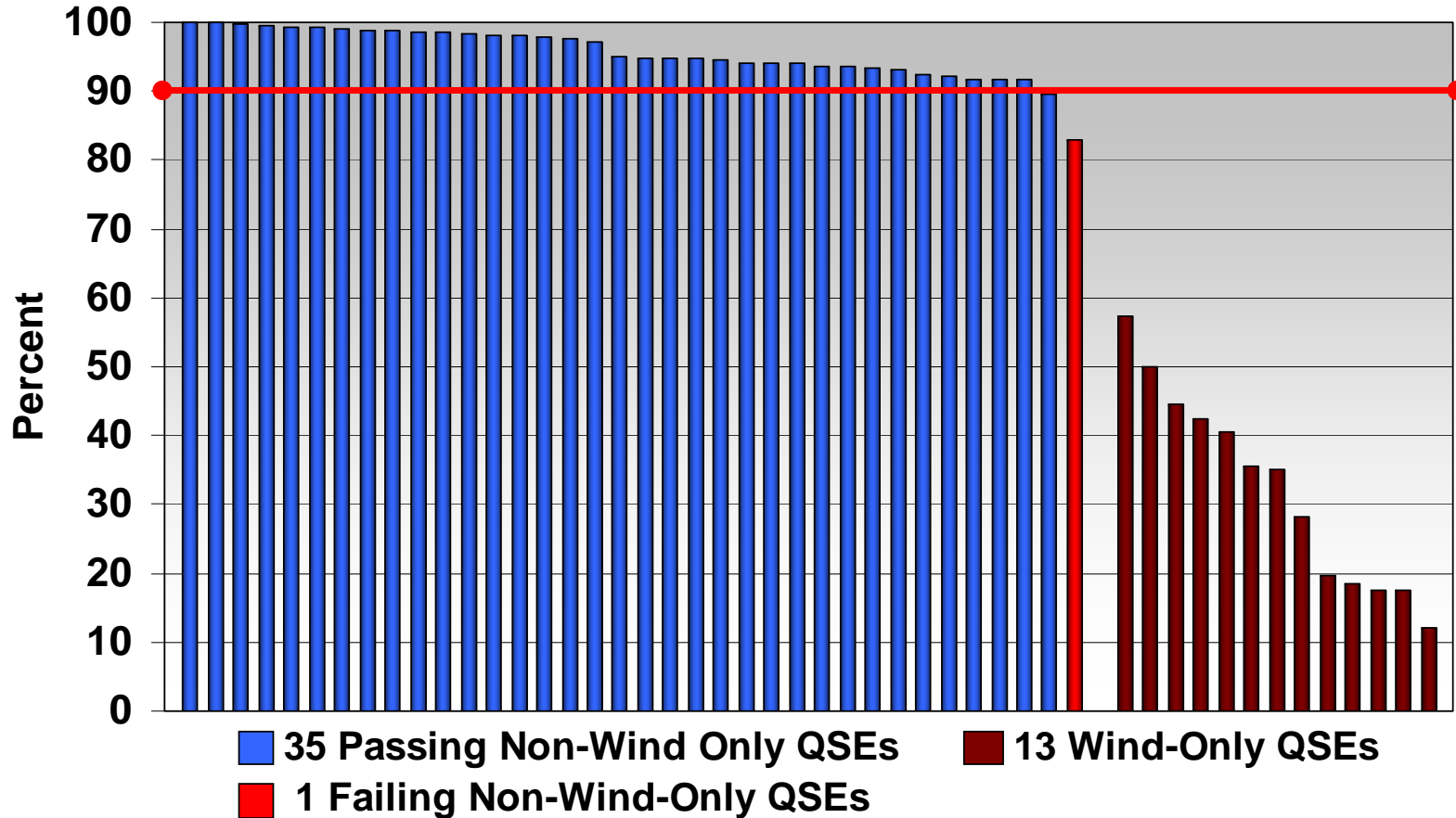
QSE PRR 525 10-Minute Interval Scoring



■ Passing QSEs
 ■ Failing QSEs
 ■ Failing Wind-Only

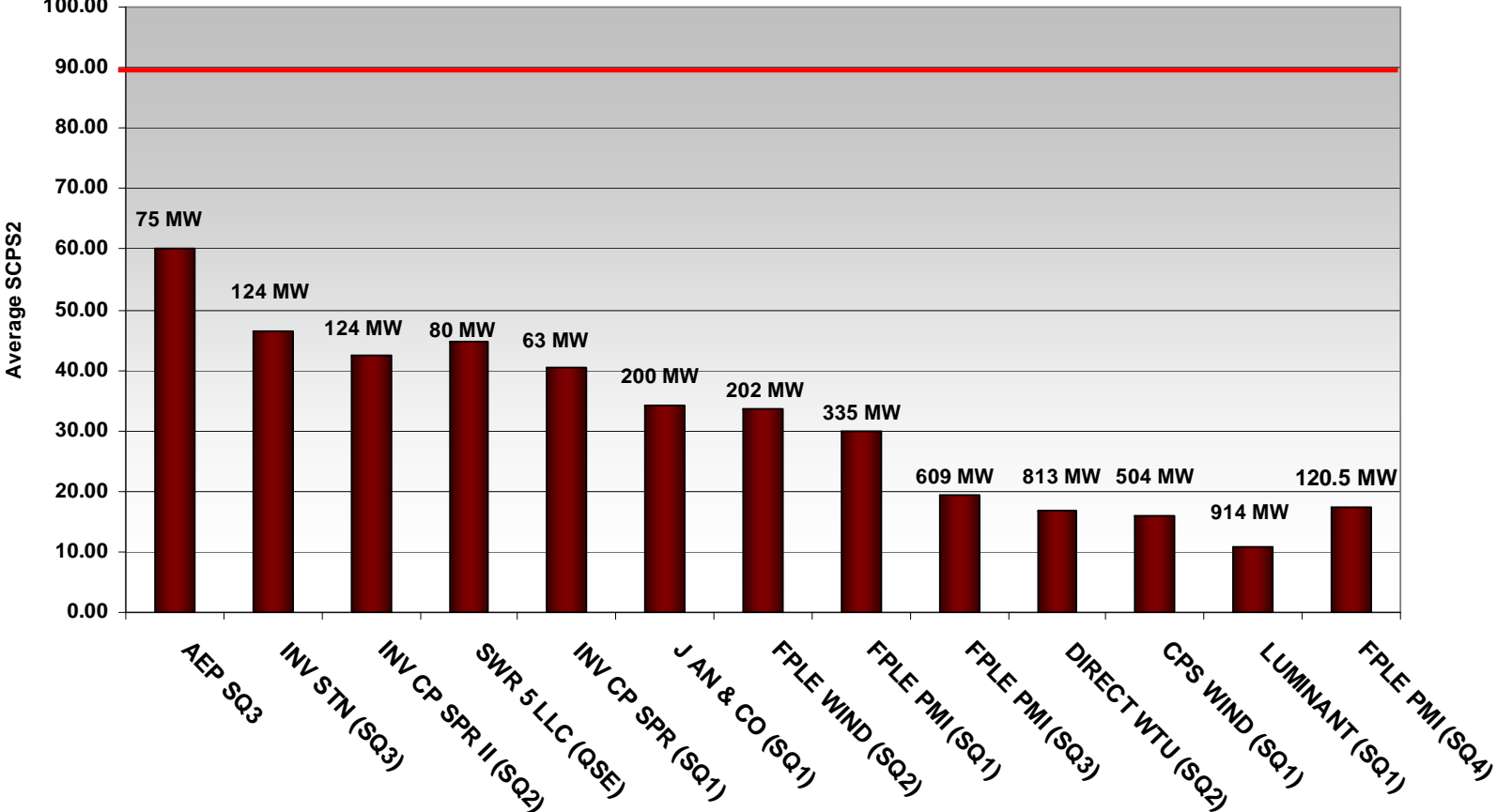
*Wind-only QSEs have an exemption from this Protocol requirement.

July 2008 - SCPS2 Scores



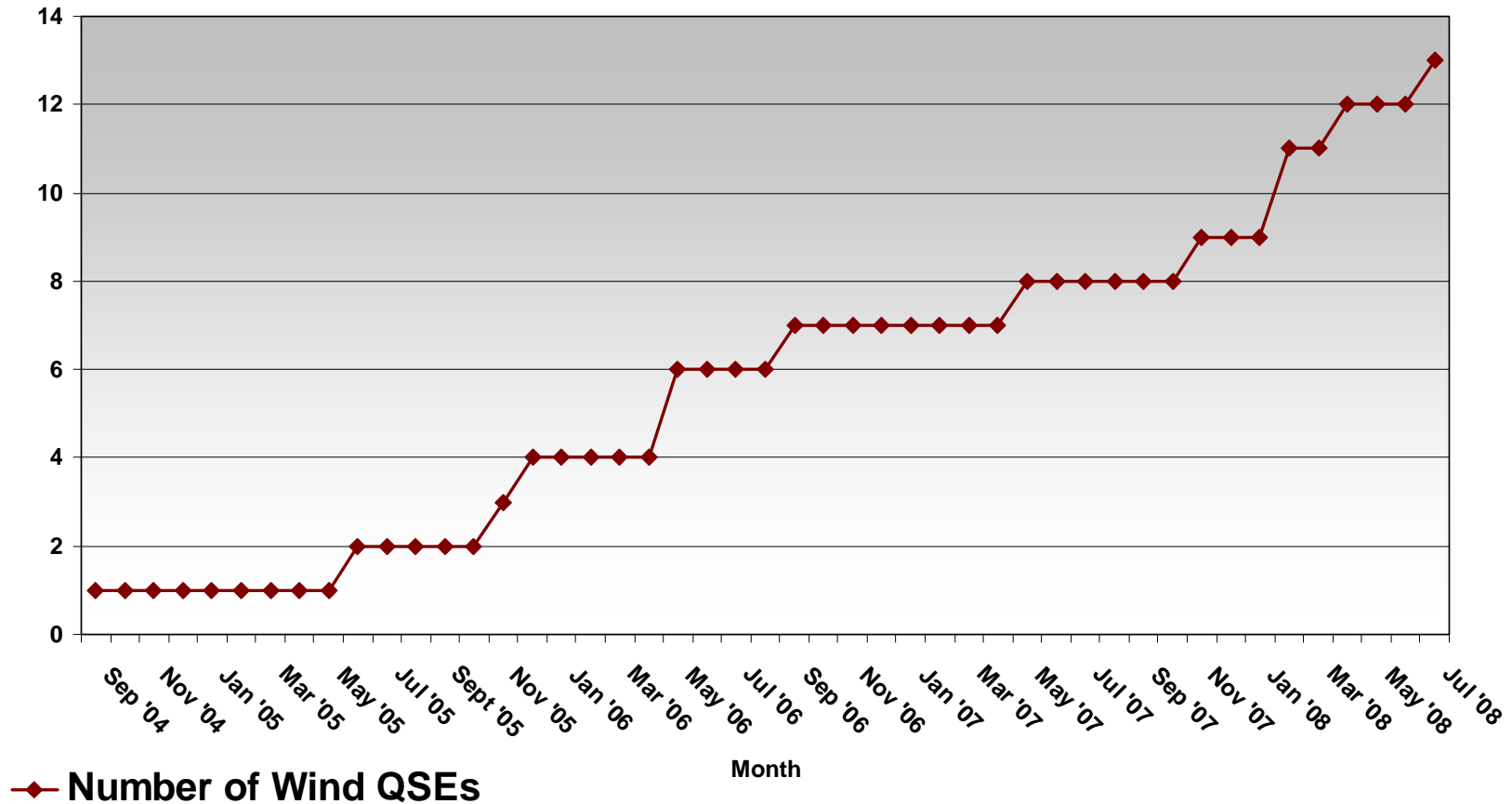
*Wind-only QSEs have an exemption from this Protocol requirement.

Six Month Average Wind-Only SCPS2 Scores



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

Total Number of Wind-Only QSEs



July 2008 Resource Plan Performance Metrics

Resource Plan Performance Metric	ID																														
	JG	HQ	DK	BT	DE	IP	JF	AP	AO	HA	BY	BC	JA	AY	AM	AR	BR	HJ	DF	CI	AE	AD	BJ	BH	JM	JD	CF	ET	DA	GR	GS
Resource Status	-	-	100	-	100	100	-	100	100	100	99	100	100	99	99	100	99	-	100	100	-	100	100	-	-	100	100	100	100	-	-
LSL as % of HSL	-	-	99	-	97	99	-	96	100	98	100	100	98	100	100	92	97	-	99	100	-	99	98	-	-	100	98	100	100	-	-
DA Zonal Schedule	100	100	99	87	99	100	100	100	100	100	100	100	100	95	100	100	100	99	100	98	-	99	98	97	100	100	98	-	99	100	86
AP Zonal Schedule	99	-	97	88	99	100	-	100	100	100	100	100	100	98	100	100	99	96	100	99	-	100	99	100	98	100	97	-	99	100	100
Down Bid & Obligation	99	-	96	91	98	100	100	94	98	99	94	98	99	100	98	98	100	100	79	97	-	100	97	97	99	99	99	-	99	100	100
Total Up AS Scheduled	-	-	-	-	99	-	-	100	97	98	95	99	100	98	90	99	97	-	96	-	98	-	-	-	-	100	100	-	94	-	-

Resource Plan Performance Metric	ID																													
	HS	BF	BE	DP	EU	FX	JH	JI	JJ	JC	CY	BG	CX	FK	HW	IN	IZ	JK	BX	CC	JE	CD	FS	AC	CQ	IV	CR	IO	HY	FY
Resource Status	-	-	-	100	100	-	-	-	-	-	-	99	99	99	100	99	100	-	99	100	-	96	100	100	99	-	-	99	-	-
LSL as % of HSL	-	-	-	100	100	-	-	-	-	-	-	97	98	96	100	100	94	-	99	98	-	99	100	100	89	-	-	100	-	-
DA Zonal Schedule	89	100	100	100	100	100	100	100	100	66	100	98	100	100	98	100	100	96	99	100	98	100	100	100	98	98	100	97	100	-
AP Zonal Schedule	99	99	100	100	100	99	99	98	99	100	-	98	94	100	96	95	100	100	99	98	92	100	100	98	100	100	-	100	-	-
Down Bid & Obligation	100	100	100	99	86	98	99	99	99	100	-	99	96	100	91	94	100	100	99	99	100	93	-	93	100	99	-	96	-	-
Total Up AS Scheduled	-	-	-	100	100	-	-	-	-	-	-	99	99	99	99	84	98	-	99	97	-	100	-	-	96	-	-	-	-	91

■ 4 Consecutive Failing Scores ■ 3 Consecutive Failing Scores

■ 2 Consecutive Failing Scores ■ 1 Failing Score

Analysis of June 2008 Resource Plan Performance Metrics

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

* Indicates entity failed in more than one area

- Two entity ID's had their second consecutive failing score

AP Zonal	LSL as % of HSL
● BT 88%*	● CQ 89%
DA Zonal	Down Bid and Obligation
<ul style="list-style-type: none"> ● BT 87%* ● GS 86% ● HS 89% ● EU 86% ● JC 66% 	<ul style="list-style-type: none"> ● DF 79% ● EU 86%
Total Up AS Scheduled	
● IN 84%	

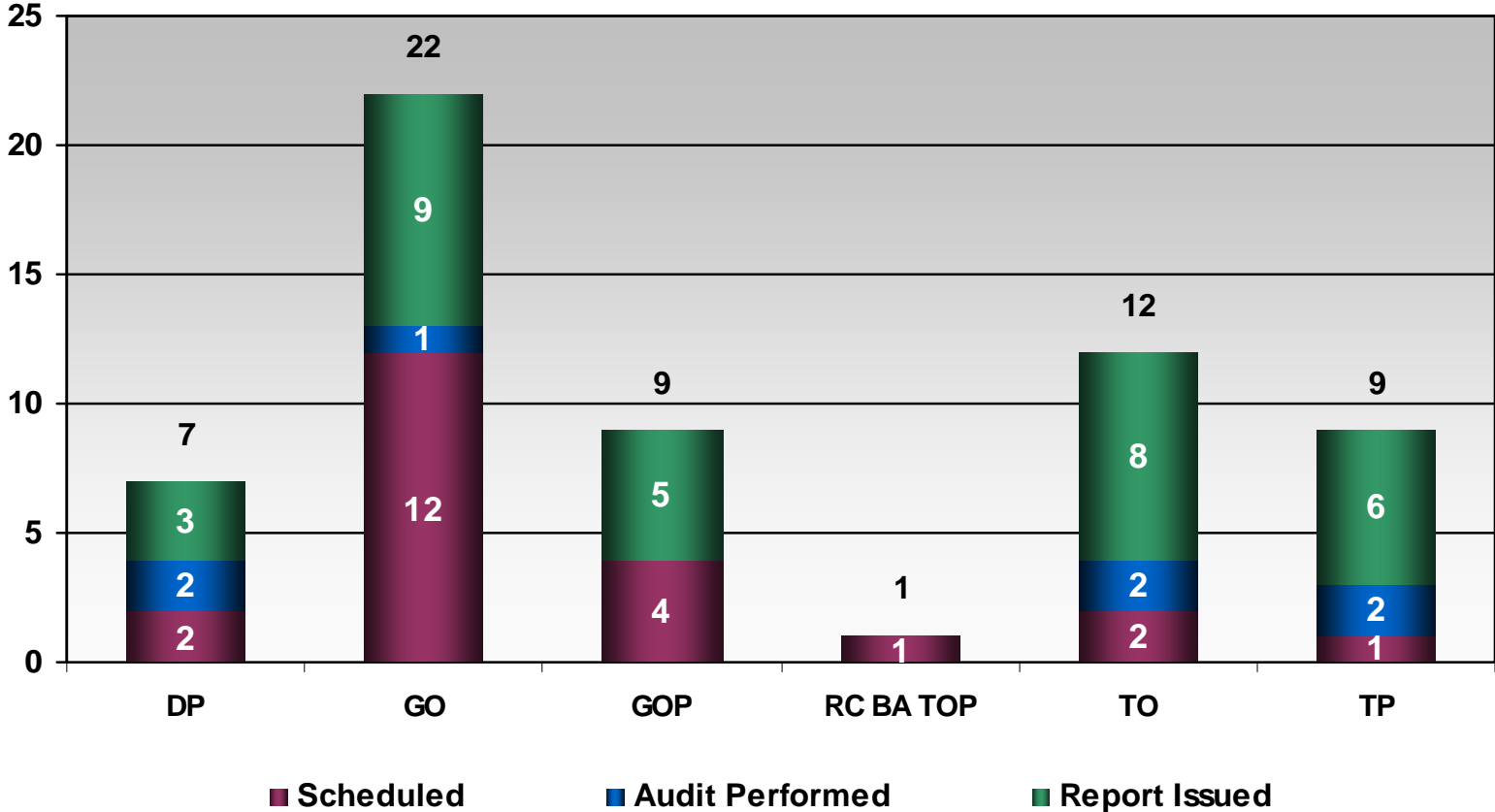
Registration Activities

- NERC Entity Registration issues continue to be addressed and are being resolved
- Load-Serving Entity (LSE) registration issues being addressed
 - NERC made modifications to the registry criteria and posted for 30 days for public comment (the commenting period ended May 30th)
 - NERC has received all comments for review.
 - NERC BOTCC made a decision on changing the registry criteria and sent final analysis to FERC for their approval.
 - NERC's decision was to register all DP's as LSE's.
- Appeals
 - One entity appealing to FERC a NERC BOTCC decision upholding Texas RE's decision to register the entity.

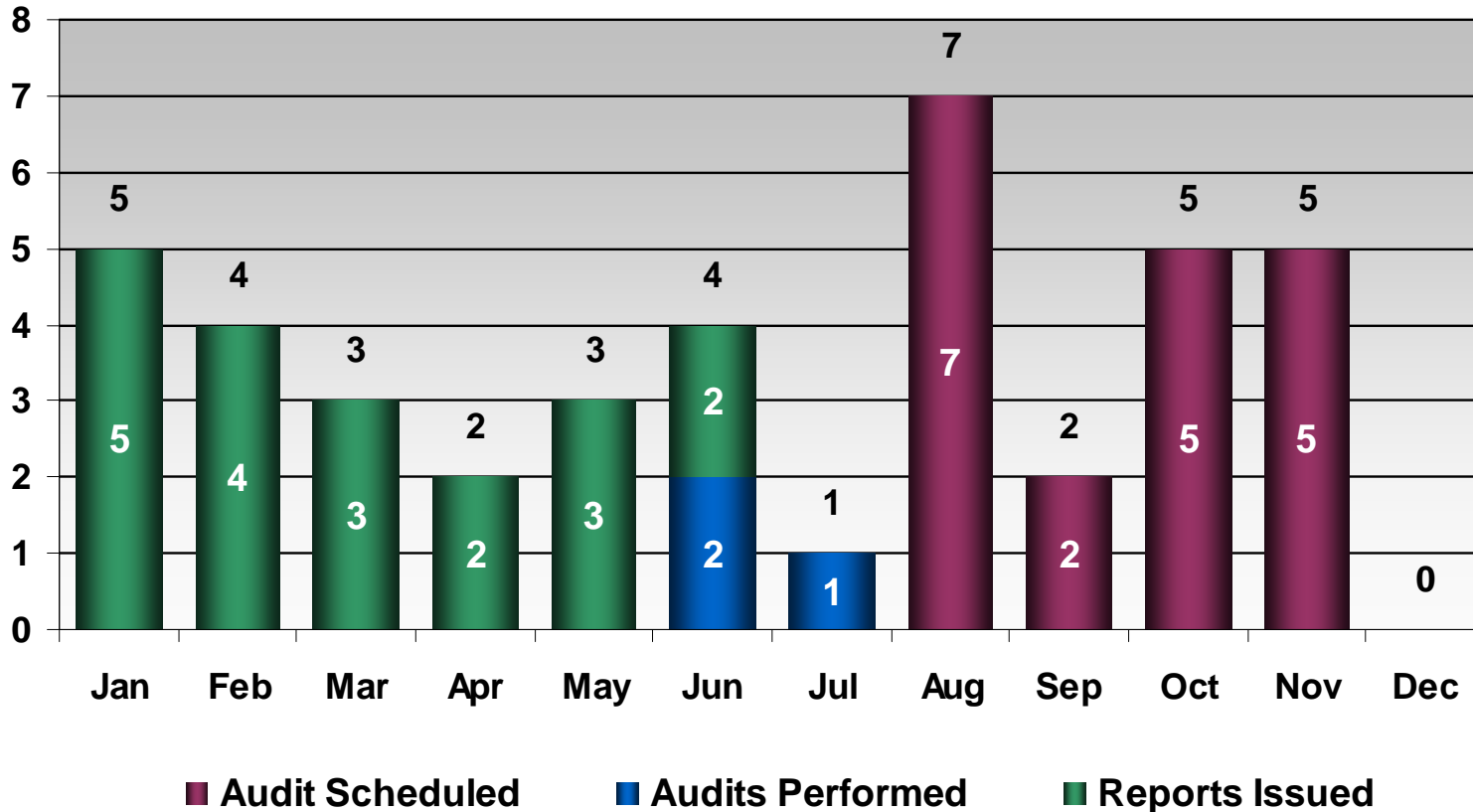
Registration Activities (continued)

- 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
 - What this means to Texas RE – more and longer compliance audits and self-certifications
 - There could be some DP JRO's

2008 Audits by Registered Function

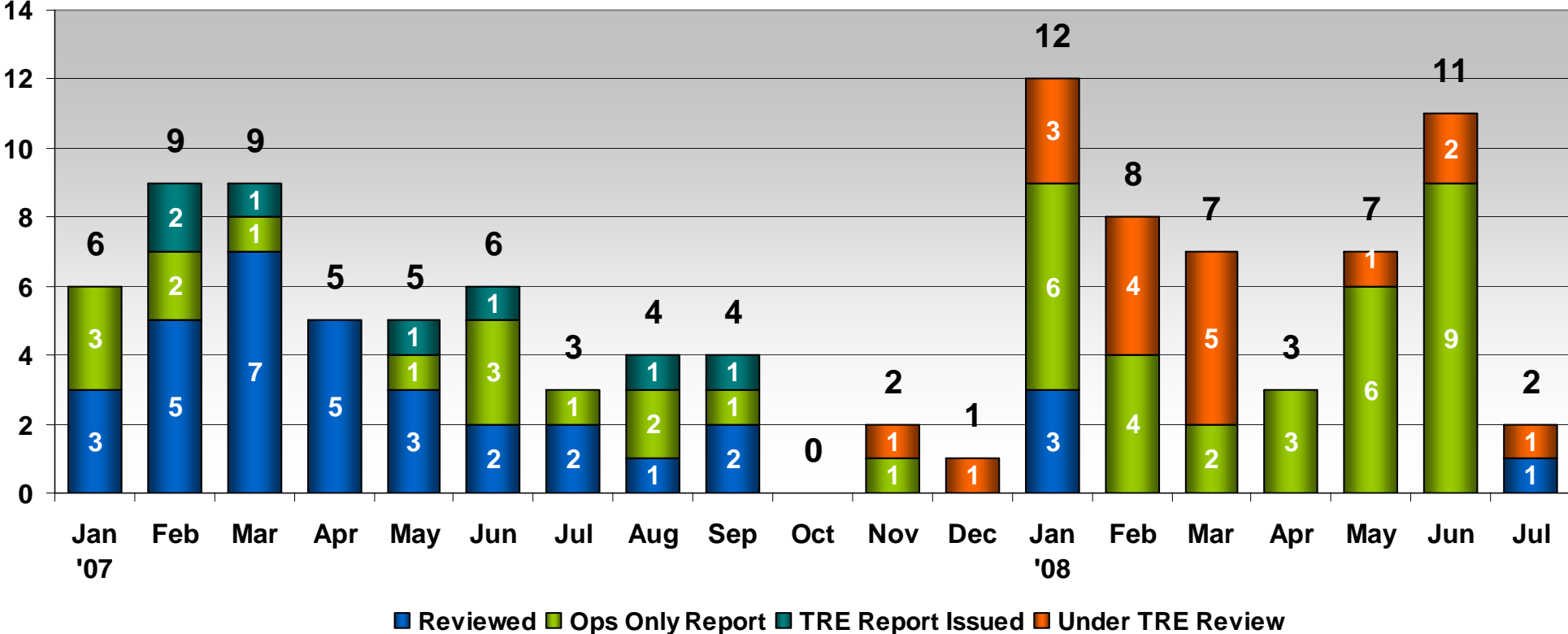


2008 Compliance Audits Scheduled by Entity



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

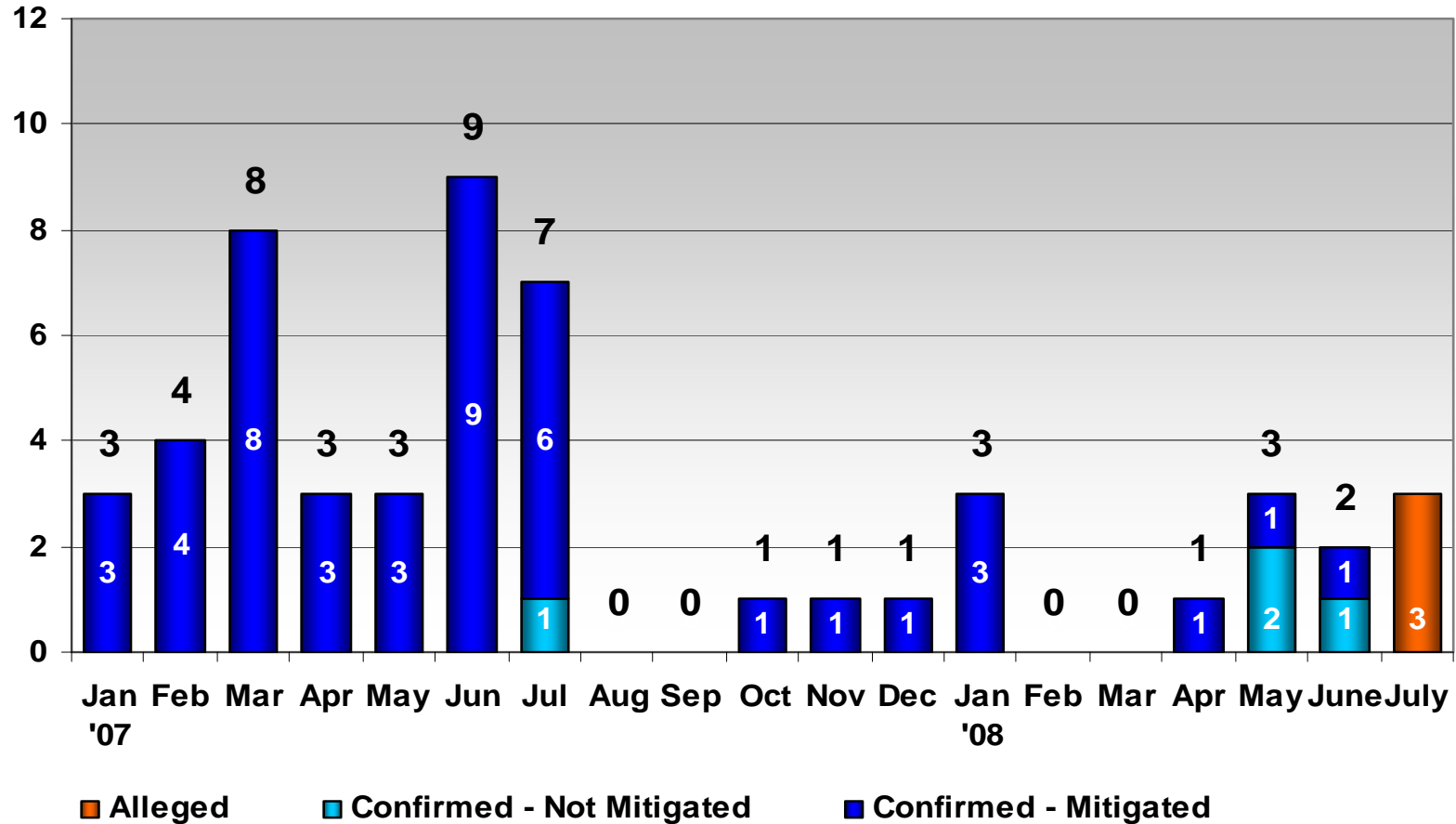
Compliance Reviews of Events by Month



Analysis of the Compliance Reviews of Events by Month

Event Date	Event Name	Potential Violations	Needed
11/29/2007	EECP Step 1	IRO-005, R4	Final Report - Draft Written
12/12/2007	Possible DCS Event	Protocol 6.5.4	Final Report - Draft Written
1/4/2008	SPS Misoperation	PRC-016; PRC-017	Under TRE Review
1/15/2008	SPS Misoperation	Under TRE Review	Under TRE Review
1/21/2008	SPS Misoperation	PRC-016; PRC-017	Under TRE Review
2/19/2008	Loss of Multiple Elements	Under TRE Review	Under TRE Review
2/24/2008	SPS Misoperation	Protocol 7.2.3.3	Under TRE Review
2/26/2008	EECP Step 2	TOP-002; Bal-002; BAL-005 Com-002; IRO-005	Under TRE Review
2/28/2008	SPS Misoperation	Protocol 7.2.3.3	Under TRE Review
3/10/2008	SPS Misoperation	Protocol 7.2.3.3	Under TRE Review
3/13/2008	SPS Misoperation	Protocol 7.2.3.3	Under TRE Review
3/16/2008	Under Freq Relay Ops	Under TRE Review	Under TRE Review
3/18/2008	Possible DCS Event	Under TRE Review	Under TRE Review
3/21/2008	SPS Misoperation	Protocol 7.2.3.3	Under TRE Review
5/1/2008	Volt Dev >5% on 345KV Sys	Under TRE Review	Under TRE Review
6/11/2008	Comp Sys Fail: Loss of Primary and Backup	Protocol 12.4.4.1	Under TRE Review
6/18/2008	EECP Step 1	Under TRE Review	Under TRE Review
7/27/2008	SPS Misoperation	Under TRE Review	Under TRE Review

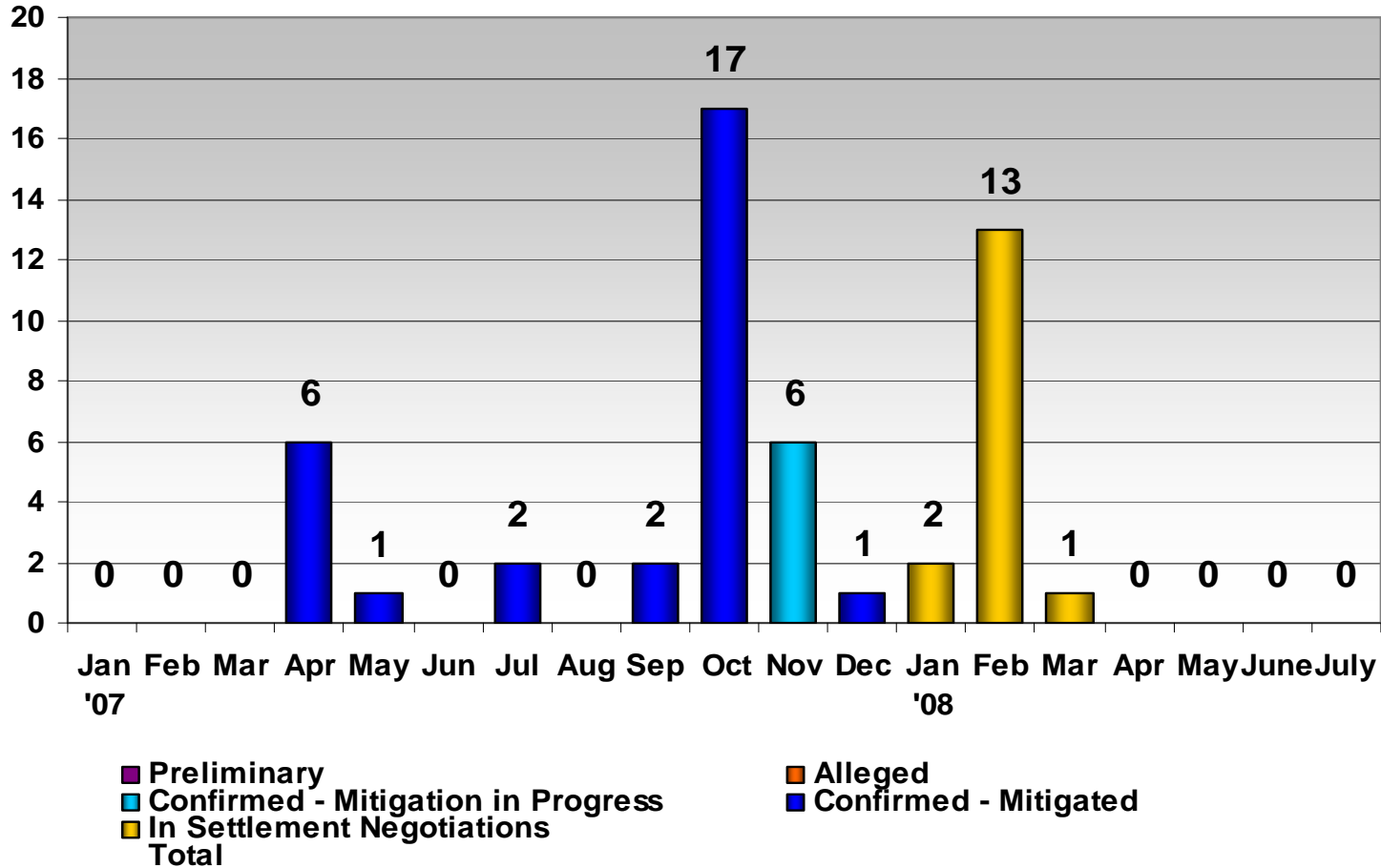
Violations of ERCOT Protocols



Analysis of the Violations of ERCOT Protocols

- **There were 3 alleged violations of protocols in July 2008**
- **July 2007 has 1 LaaR violation open**
 - Entity is currently in the process of completing their mitigation plan

Violations of NERC Standards Reported by Month



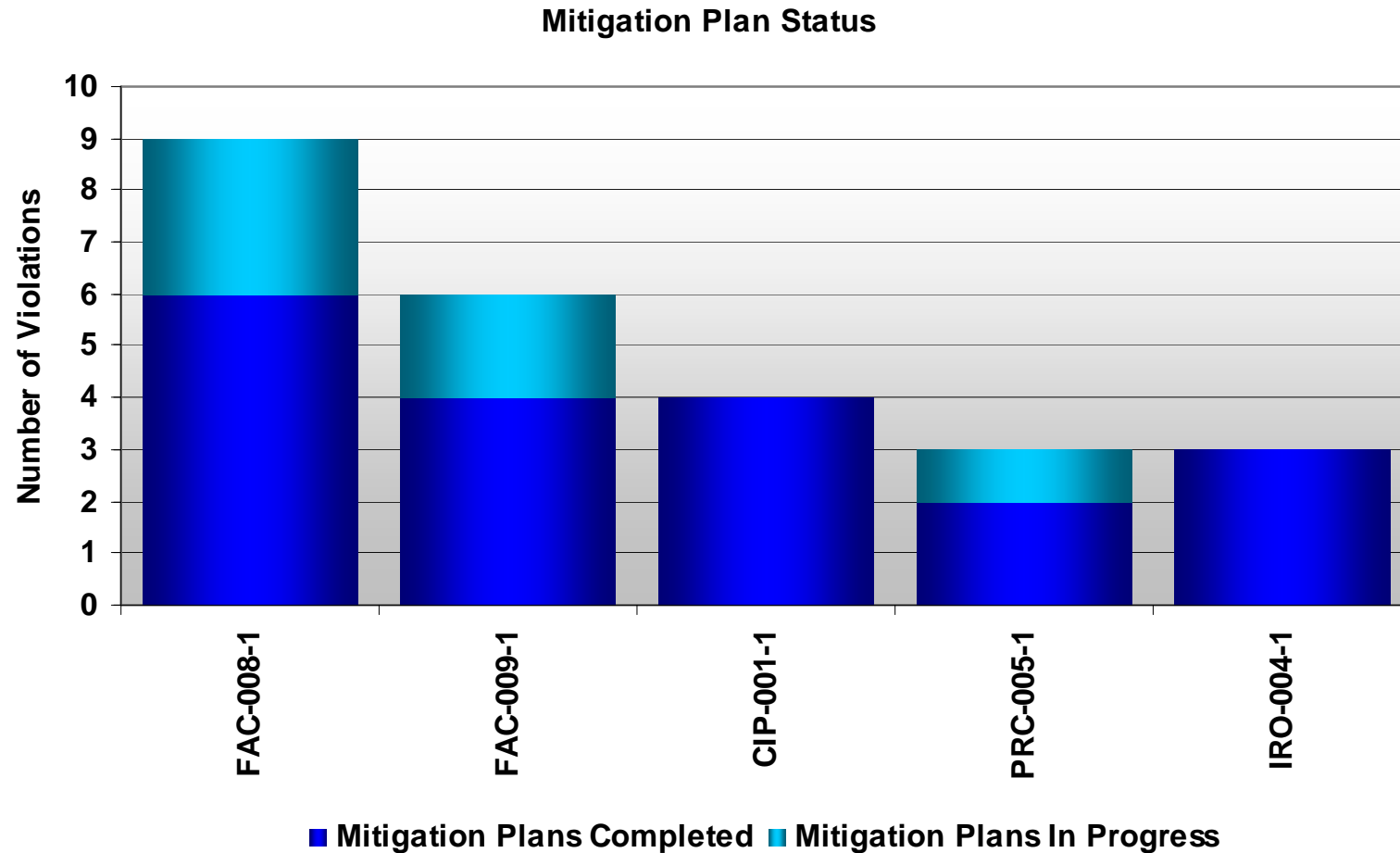
Analysis of the Violations of NERC Standards Reported by Month

- **There were no violations of NERC standards reported in July.**
- **16 Violations are in settlement negotiations.**
- **6 Mitigation plans under review at NERC- pending NERC approval.**

2007 NERC Standards Self-Certification

- NERC Registered Entities not audited in 2007 required to self-certify for 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)

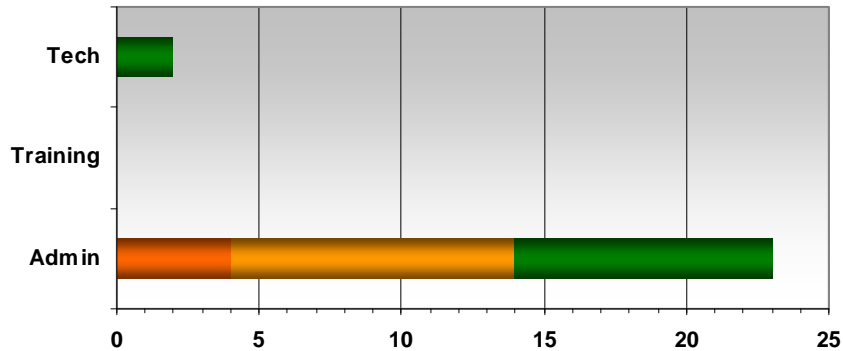
2007 NERC Standards Self-Certification Violation Status



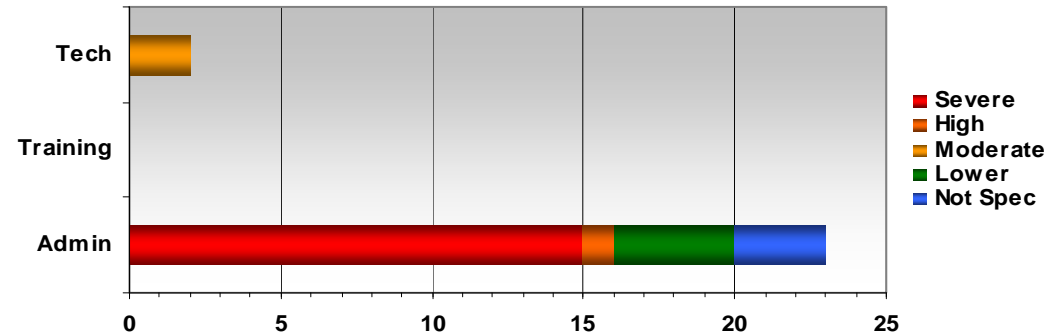
2007 NERC Standards Self-Certification Violation Details

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

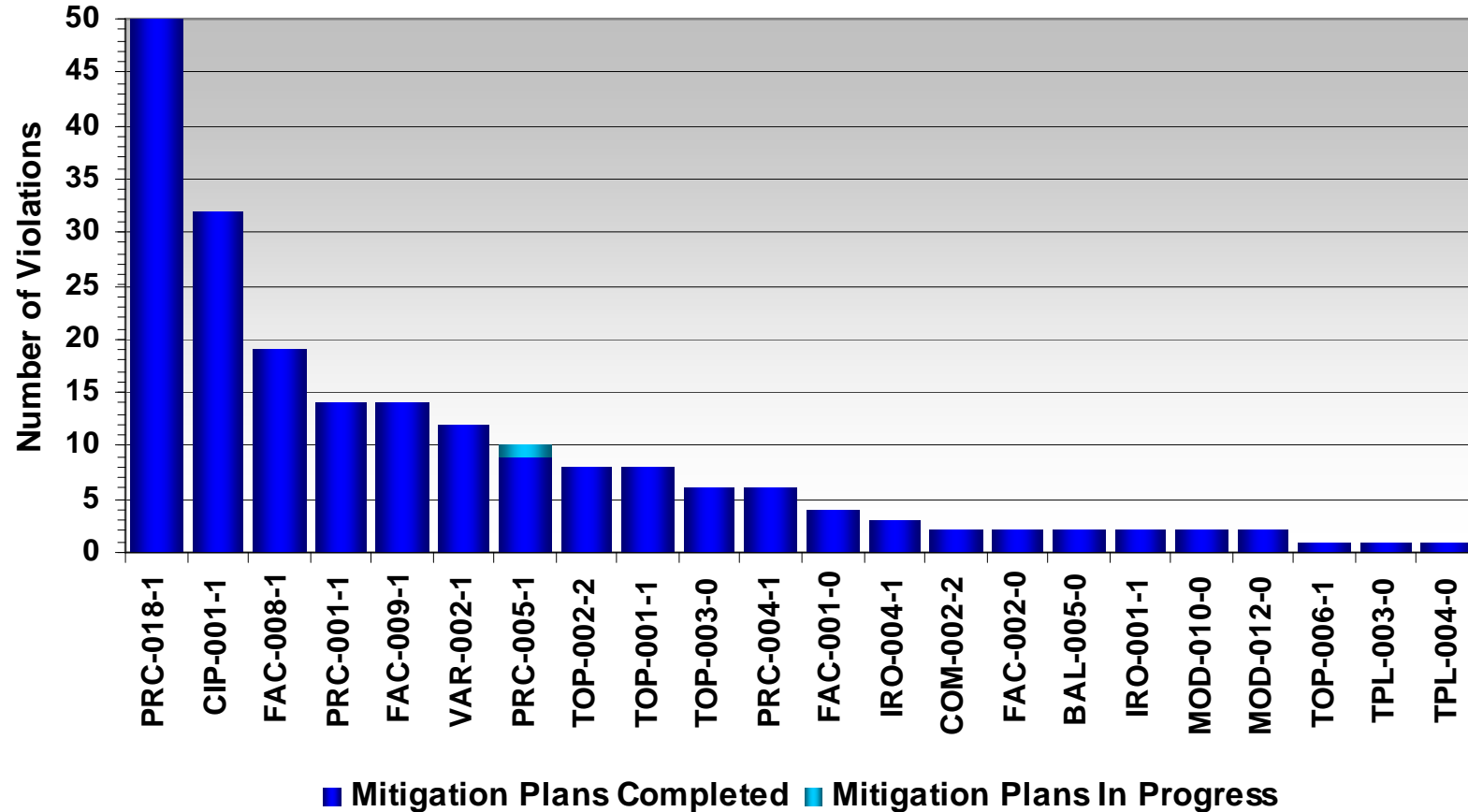


Violation Severity Level

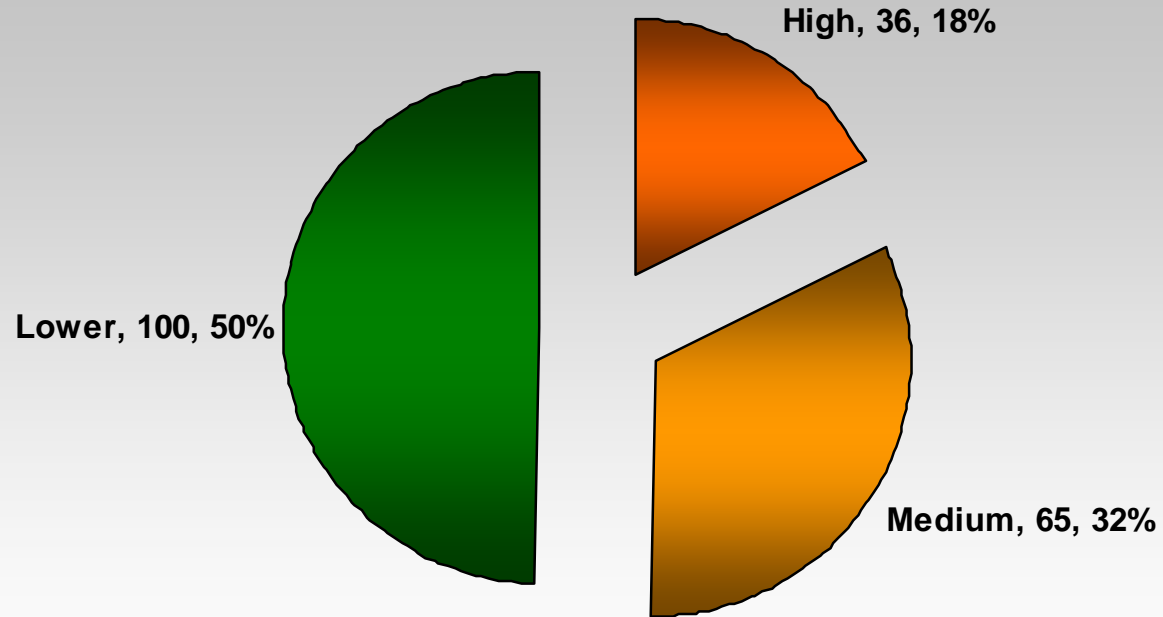


NERC Standards Self-Reported Violations Pre-June 18th 2007

Mitigation Plan Status

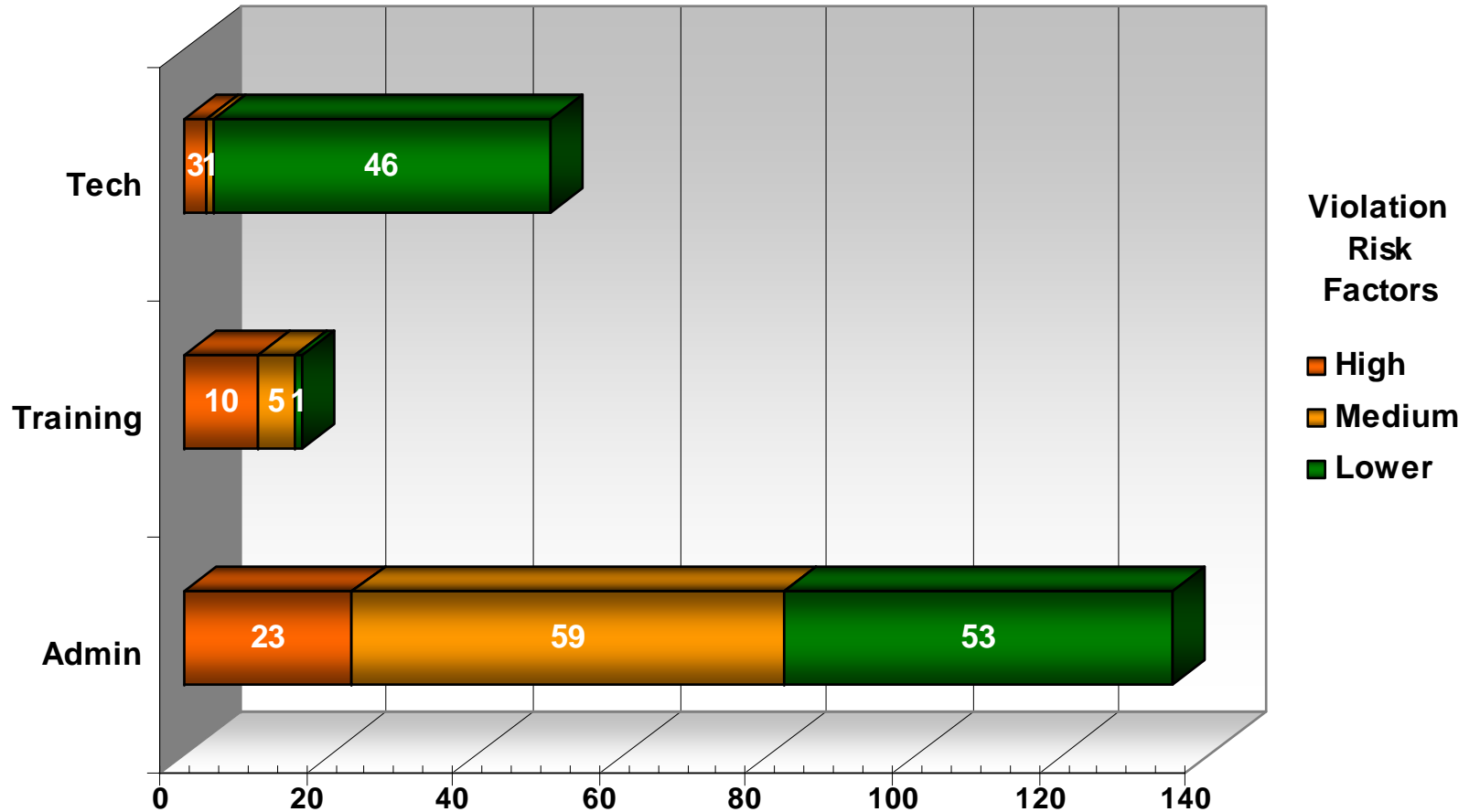


Risk Factors for Self-Reported NERC Standards Violations Pre-June 18th 2007



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



NERC Standards Violations

	Registered Entity	Violation Date	Violation Status	Category	Violation Severity Level	Risk Factor	Mitigation Plan Status
1	A	10/3/07	Confirmed	Admin	Severe	Lower	Submitted
2	A	10/3/07	Confirmed	Admin	Severe	Lower	Submitted
3	A	10/3/07	Confirmed	Admin	Severe	Lower	Submitted
4	A	10/3/07	Confirmed	Admin	Severe	Medium	Submitted
5	A	10/3/07	Confirmed	Admin	Severe	Medium	Submitted
6	A	10/3/07	Confirmed	Technical	Lower	High	Submitted
7	B	12/28/07	Confirmed	Admin	Lower	Medium	Completed
8	C	1/16/08	Alleged	Admin	Lower	Medium	Completed*
9	C	1/16/08	Alleged	Admin	High	Medium	Completed*
10	D	2/15/08	Preliminary	Admin	Lower	Medium	Not Submitted*
11	D	2/15/08	Preliminary	Admin	Lower	Medium	Not Submitted*
12	D	2/15/08	Preliminary	Admin	High	Medium	Not Submitted*
13	D	2/15/08	Preliminary	Admin	Lower	Medium	Not Submitted*
14	D	2/15/08	Preliminary	Admin	Severe	Medium	Not Submitted*
15	D	2/15/08	Preliminary	Admin	Severe	Lower	Not Submitted*
16	D	2/15/08	Preliminary	Technical	Severe	High	Not Submitted*
17	D	2/15/08	Preliminary	Technical	Severe	High	Not Submitted*

* Entity is in settlement discussions

NERC Standards Violations (Cont'd)

	Registered Entity	Violation Date	Violation Status	Category	Violation Severity Level	Risk Factor	Mitigation Plan Status
18	D	2/15/08	Preliminary	Technical	Severe	Medium	Not Submitted*
19	D	2/15/08	Preliminary	Technical	Severe	Medium	Not Submitted.
20	D	2/15/08	Preliminary	Technical	Severe	Medium	Not Submitted.
21	E	2/28/08	Preliminary	Admin	Moderate	Lower	Not Submitted.
22	E	2/28/08	Preliminary	Admin	Moderate	Medium	Not Submitted.
23	F	3/17/08	Preliminary	Technical	Severe	Medium	Not Submitted.

- Violation Status – Preliminary, Alleged, Confirmed
- Category – Technical, Training, Administrative
- Violation Severity Level – Lower, Moderate, High, Severe
- Risk Factor – High, Medium, Lower
- Mitigation Plan Status – Not Submitted, Submitted, On Schedule, Behind Schedule, Extension Requested, Extension Requested/Granted, Completed

* Entity is in settlement discussions

ERCOT Protocols & Operating Guides Violations

	Protocol/Operating Guide	Brief Description	Violation Date	Violation Status	Discovery Method	Mitigation Plan Status
1	P6.10.5.3	SCE Monitoring Criteria	1/1/2008	Confirmed	Data Gathering	Completed
2	P6.10.5.4	Responsive Reserve Services (12/12/07) Deployment Performance Monitoring Criteria	1/23/2008	Confirmed	Incident Report	Completed
3	P6.10.5.4	Responsive Reserve Services Deployment Performance Monitoring Criteria	1/23/2008	Confirmed	Incident Report	Completed
4	P6.10.5.3	SCE Monitoring Criteria	4/1/2008	Confirmed	Data Gathering	Completed
5	P6.10.5.3	SCE Monitoring Criteria	5/14/2008	Confirmed	Data Gathering	Completed
6	P6.10.5.4	Responsive Reserve Services (02/26/08) Deployment Performance Monitoring Criteria	5/27/2008	Confirmed	Event	Submitted
7	P6.10.5.4	Responsive Reserve Services (02/26/08) Deployment Performance Monitoring Criteria	5/27/2008	Confirmed	Event	Completed
8	P6.10.5.3	SCE Monitoring Criteria	6/13/2008	Confirmed	Data Gathering	Completed
9	OG2.9.1	Automatic Firm Load Shedding	6/13/2008	Alleged	Data Gathering	Not Submitted
10	P6.10.5.3	SCE Monitoring Criteria	7/23/2008	Alleged	Data Gathering	Submitted
11	OG2.9.2	Automatic Firm Load Shedding	7/24/2008	Alleged	Self-Reporting	Submitted
12	P5.7.1	Block Load Transfer	7/30/2008	Alleged	Incident Report	Not Submitted

- Violation Status – Initial, Alleged, Confirmed
- Discovery Method – Compliance Audit, Investigation, Self-Reported, Spot Check, Self-Certification, Data Submittal, Incident Report, Data Gathering
- Mitigation Plan Status – Not Submitted, Submitted, On Schedule, Behind Schedule, Extension Requested, Extension Requested/Granted, Completed