

**TEXAS
REGIONAL
ENTITY™**

An Independent Division of ERCOT

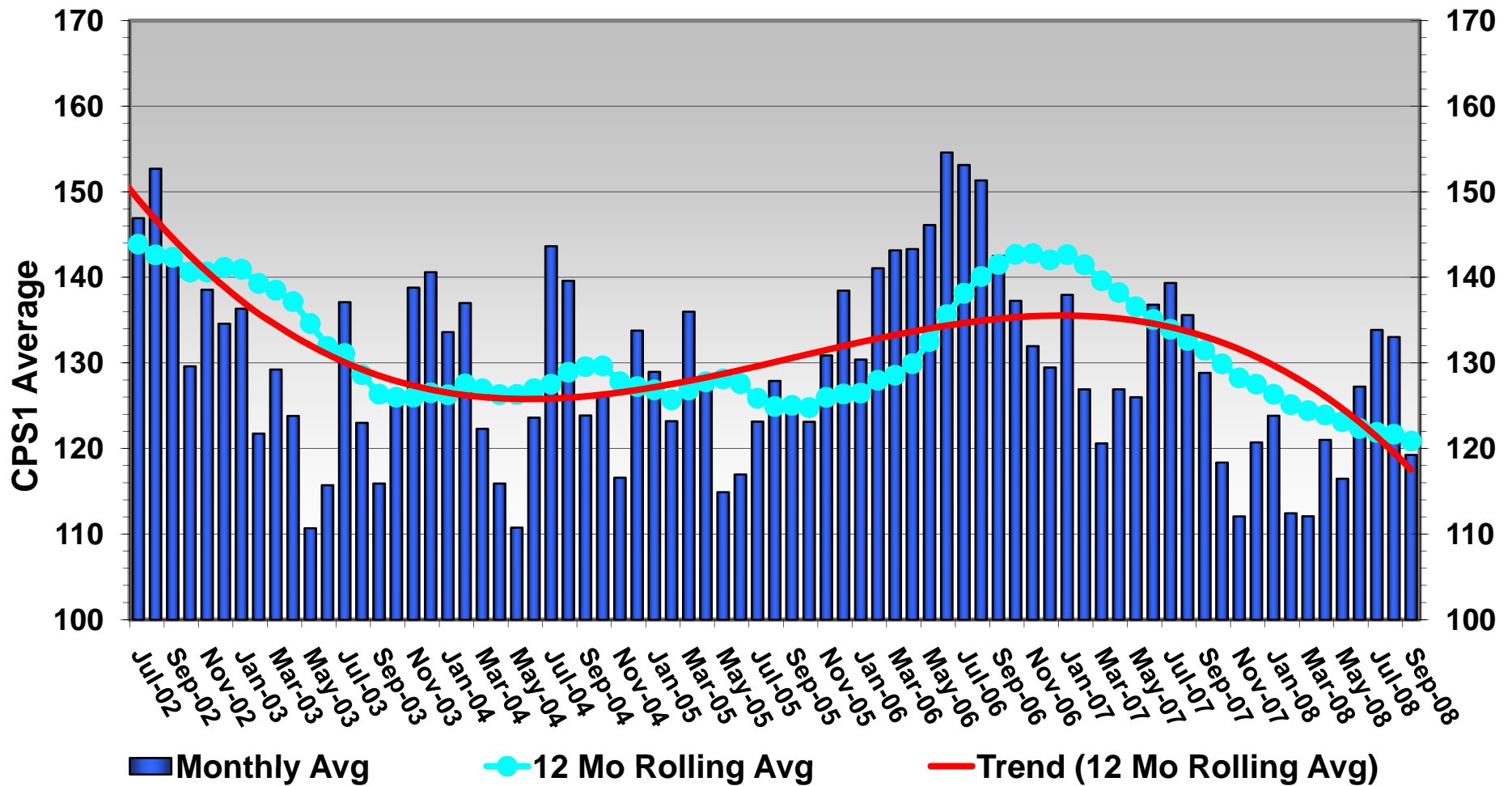
Texas Regional Entity Compliance Report

October 20, 2008

Texas Regional Entity

Report Details

ERCOT's CPS1 Monthly Performance



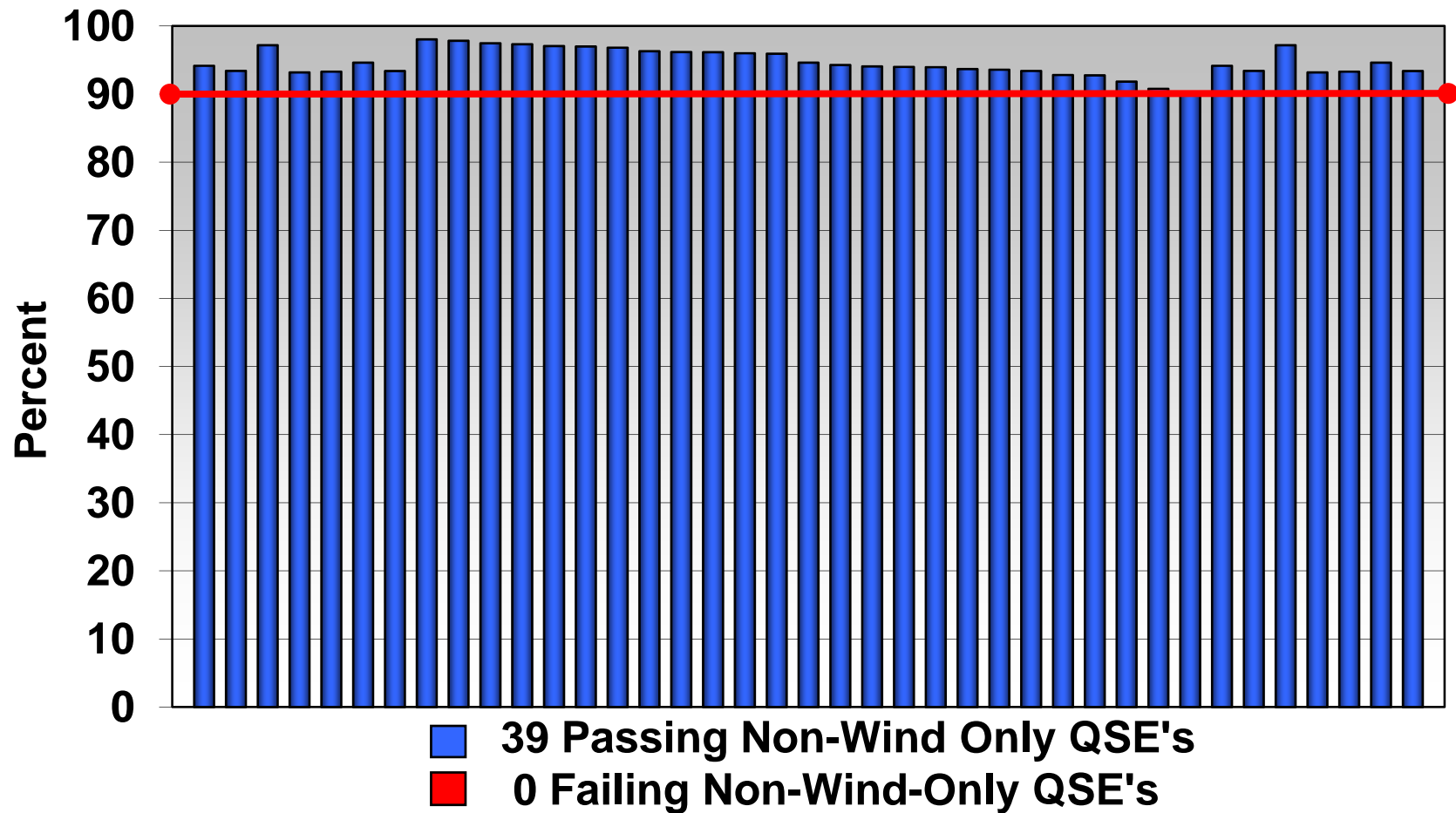
Analysis of CPS1 Monthly Performance

- **Purpose: To maintain Interconnection steady-state frequency within defined limits by balancing real power demand and supply in real-time.**
- **CPS1 is one reliability measure of how well ERCOT Region managed the BPS.**
- **The measure is based on a rolling 12 month average.**
- **ERCOT region's frequency performance is monitored by NERC Control Performance Standard 1 (CPS1).**

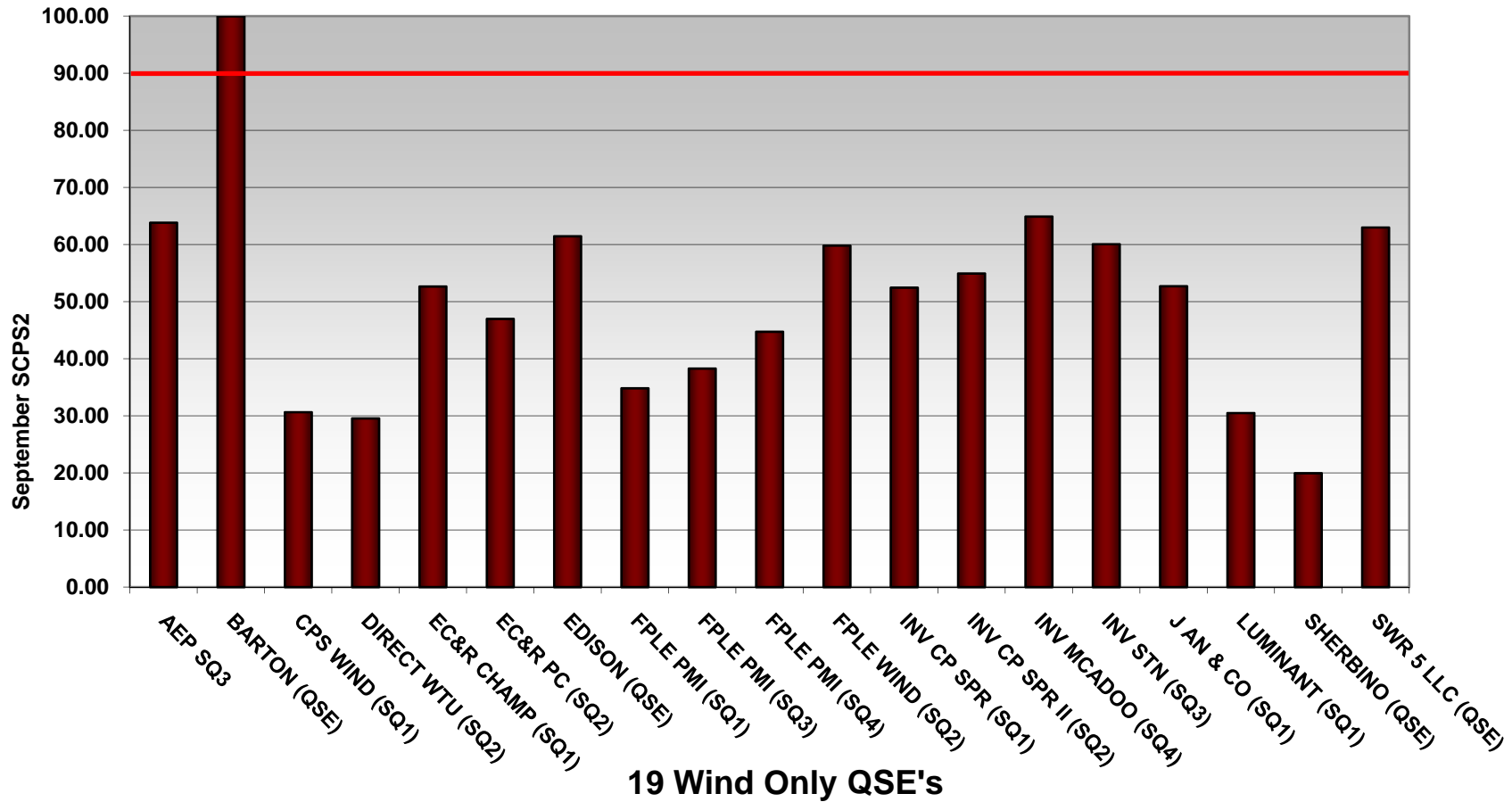
Analysis of CPS1 Monthly Performance (continued)

- **Seasonal fluctuation is expected.**
- **Scores for individual months can be adversely affected by events, such as hurricanes.**
- **A detailed formula can be found in NERC Reliability Standard BAL-001-0a.**

September 2008 - SCPS2 Scores for Non-Wind Only QSE's



September 2008 – SCPS2 Scores for Wind Only QSE's



Analysis of September 2008 – SCPS2 Scores

- **This is a schedule focused metric.**
- **Calculations are Portfolio Based by QSE.**
- **Because of variations in the wind, it is more difficult for wind generators to match their scheduled generation to their actual output.**
- **A detailed formula can be found in Protocol 6.10.5.3.**

Wind Only SCPS2 Recommendations

- **The wide variation in SCPS2 scores for wind only QSEs should be analyzed to determine what is driving the wide variation between QSEs' performance**
- **The metric should be revised to make it relevant to wind generation operation and reasonable performance requirements should be set and enforced**
- **If the metric cannot be tailored for wind generation it is recommended that it be discontinued for wind**

August 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	CI	AE	AD	BJ	BH	JM	JL	JD	CF	ET	DA	GR	GS	HS	BF
Resource Status	-	100	-	100	100	100	100	100	99	100	100	99	99	100	99	-	99	100	-	100	100	-	-	-	100	100	100	100	-	-	-	-
LSL as % of HSL	-	99	-	94	97	100	98	98	99	100	94	100	94	95	95	-	100	100	-	100	98	-	-	-	98	99	100	100	-	-	-	-
DA Zonal Schedule	100	99	100	100	100	98	100	100	100	100	100	93	100	100	98	98	100	100	-	100	100	100	100	89	100	99	-	99	100	100	100	
AP Zonal Schedule	98	99	96	100	100	100	100	100	100	99	100	99	99	100	98	100	100	99	-	100	99	100	100	98	100	99	-	99	100	100	100	
Down Bid & Obligation	99	95	97	98	100	100	99	100	96	99	98	100	98	97	100	100	93	97	-	100	97	97	100	100	100	99	-	98	100	100	100	99
Total Up AS Scheduled	-	-	-	100	-	100	99	97	92	98	100	98	97	100	96	-	100	-	91	-	-	-	-	-	100	100	-	92	-	-	-	-

Resource Plan Performance Metric	ID																															
	BE	DP	EU	FX	JH	JI	JN	JJ	JC	CY	BG	CX	FK	HW	CK	IN	IZ	JK	BX	CC	JE	CD	DI	FS	AC	IE	CQ	IV	CR	IO	HM	FY
Resource Status	-	100	100	-	-	-	-	-	-	-	99	99	99	100	-	99	100	-	99	100	-	90	-	100	99	-	99	-	-	100	-	-
LSL as % of HSL	-	100	100	-	-	-	-	-	-	-	98	99	99	100	-	99	99	-	98	98	-	100	-	100	-	-	97	-	-	100	-	-
DA Zonal Schedule	100	100	100	100	100	100	100	100	68	100	99	100	100	98	100	100	99	100	100	100	100	100	100	-	-	99	100	100	94	100	-	
AP Zonal Schedule	100	100	100	99	99	99	88	99	100	-	99	97	99	98	-	95	100	100	98	99	100	100	-	100	100	-	100	100	-	46	-	-
Down Bid & Obligation	100	77	92	100	100	100	62	100	100	-	100	94	100	93	-	94	100	100	99	99	100	95	-	-	-	-	92	100	-	91	-	-
Total Up AS Scheduled	-	98	100	-	-	-	-	-	-	-	99	97	99	90	-	93	100	-	99	100	-	100	-	-	-	-	98	-	-	-	-	92



4 Consecutive Failing Scores



3 Consecutive Failing Scores



2 Consecutive Failing Scores



1 Failing Score

Note: This report is done with one month lag to accommodate for adjustments



Analysis of August 2008 Resource Plan Performance Metrics

- **JL – Edison Mission Marketing and Trading Inc. (QSE)**
 - First time with a failed score in Day Ahead Zonal Schedule. August was their first month in operation (Wind Power). Edison Mission Marketing and Trading Inc was informed by email about their score and did not provide a response contesting the failed score.
- **DP – Fulcrum Power Service LP (QSE).**
 - First time with a failed score in Down Bid. Fulcrum Power Service LP was informed by email about their score and did not provide a response contesting the failed score.
- **JN – Invevergy McAdoo (SQ4)**
 - First time failing scores in Down Bid and Adjustment Period Zonal. August was their first month in operations. Invevergy McADoo (SQ4) was informed by email about their score and did not provide a response contesting the failed score.

Analysis of August 2008 Resource Plan Performance Metrics (continued)

- **JC – J Aron and Company**

- Second consecutive month with a failing score in Day Ahead Zonal. J Aron was informed by email and responded with a statement that they have submitted PRR 777 for this metric and for the Adjustment Period metric. PRR 777 was written so that Wind Generated Resources could be exempt from these two metrics. They are not using the ERCOT supplied wind resource plan for their submitted plan and when contacted for a response they did not disagree with the discrepancies.

- **IO – Westar SQ1**

- First time failing score in Adjustment Period Zonal. Westar SQ1 was informed by email about their score and did not provide a response contesting the failed score.

New Work in September 2008

- **7 New Protocol and Operating Guides Violation Investigations.**
- **3 New Preliminary NERC Standards Violation Investigations.**
- **2 New Event Investigations.**

Update on Key Issues

- **Four (4) entities are in settlement discussions representing 15 violations.**
- **Entity “D” has re-entered settlement and has submitted a mitigation plan.**
- **Entity “A” mitigation plan has been approved by NERC.**

Major Compliance Accomplishments in September 2008

- **11/29/07 EECP 1 Event Analysis Completed**
 - Protocol Violations Issued
- **Critical Infrastructure Protection Workshop**
 - Held October 1, 2008
 - Over 120 Market Participants Attended
- **All 2007 Event Analyses have been completed**
- **2008 Self-Certifications were issued by Texas RE and most responses have been received**
- **Larry and Victor represented Texas RE at the Gulf Coast Power Association Conference**

Major Compliance Initiatives for October 2008

- **Next Texas Regional Entity Standards and Compliance Workshop**
 - November 5, 2008
 - Workshop reservations currently at 80%
- **Determine dates and select a venue for the 2009 Operations Training Seminar**
 - Looking into alternative locations to the Met Center
- **Represent Texas RE at the NRECA Conference in San Antonio**

Special Project Report- Protocol/Nodal Update

- **Texas RE and PUC are working together to identify areas that will require metrics for the Nodal Market**
 - Half day work sessions are planned
- **Jointly providing coverage of the key committees and working groups to track progress**
- **Plan to work with Market Participants to introduce desired metrics in committee**

Special Project Report- OGRR208 Briefing

- **Immediate need for an ERCOT Protocol to ensure that better technology is installed in the ERCOT region.**
- **Approval is recommended. Market participants can continue to refine the grandfathering issue due to long implementation period.**
- **7 year implementation period may be too long, however, it can be adjusted once studies are complete.**

Key Organizational Challenges Moving Forward

- **Staffing continues to be problematic**
 - Qualified staff not readily available in the job market
 - Retention continues to be a challenge
 - Wage and benefit pressure persists
- **Potential for significant work load increases due to unknowns such as investigations, appeals, registrations, etc.**
- **Increased level of participation in ERCOT committees/working groups, and in performance metrics identification**

Key Organizational Challenges Moving Forward

- **LSE Registration**

- The LSE definition does not work well with ERCOT's unbundled market design
- May double the number of registered entities in ERCOT with an associated work load increase for registration/JRO and audits
- Large number of appeals predicted
- Texas RE has issued comments to FERC
- Texas RE has not registered any LSEs in ERCOT Region and is awaiting decision by FERC