



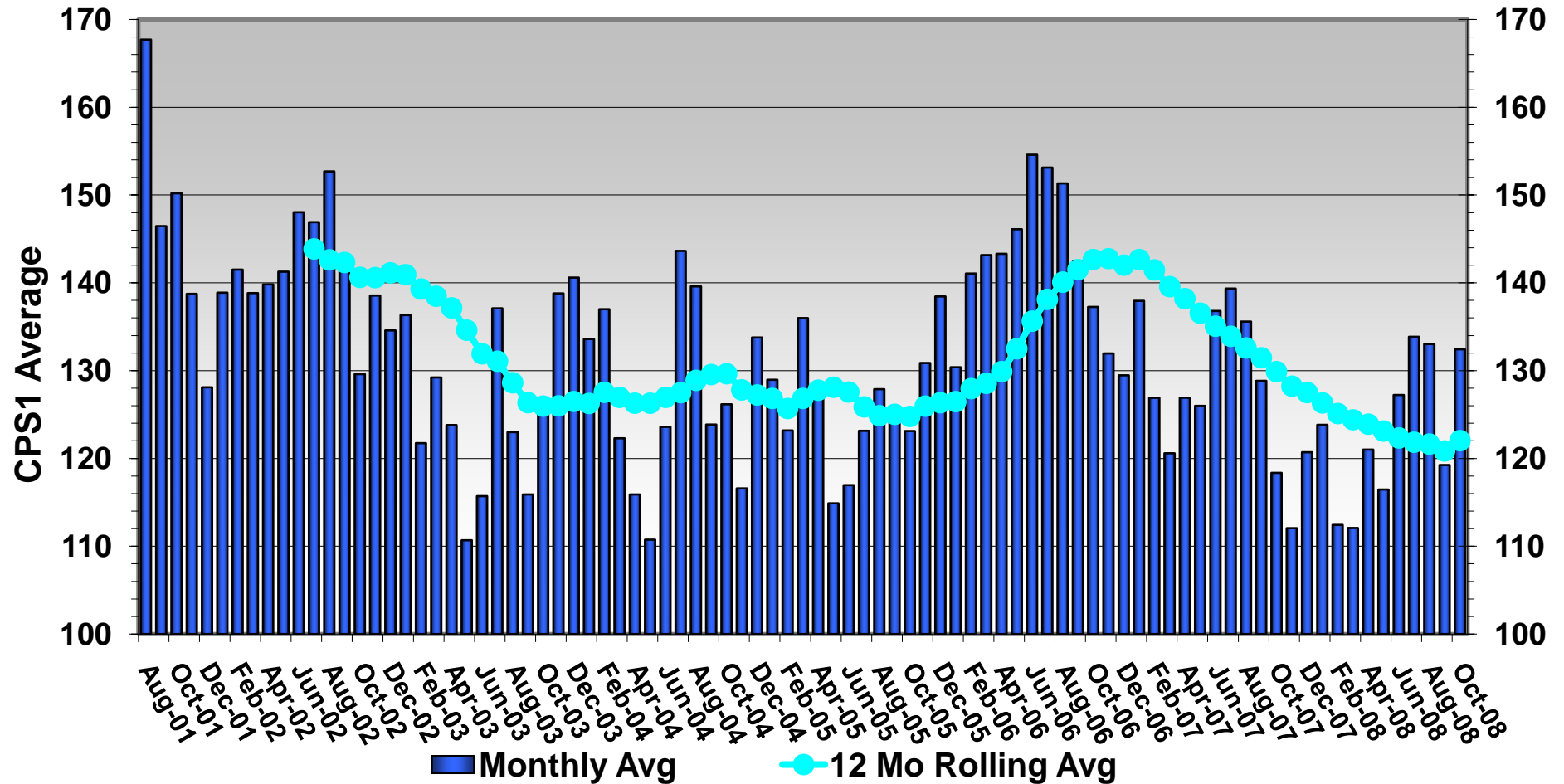
**TEXAS  
REGIONAL  
ENTITY™**

*An Independent Division of ERCOT*

# **Texas Regional Entity Compliance Report**

**Board of Directors  
November 18, 2008**

# ERCOT's CPS1 Monthly Performance



# Analysis of CPS1 Monthly Performance

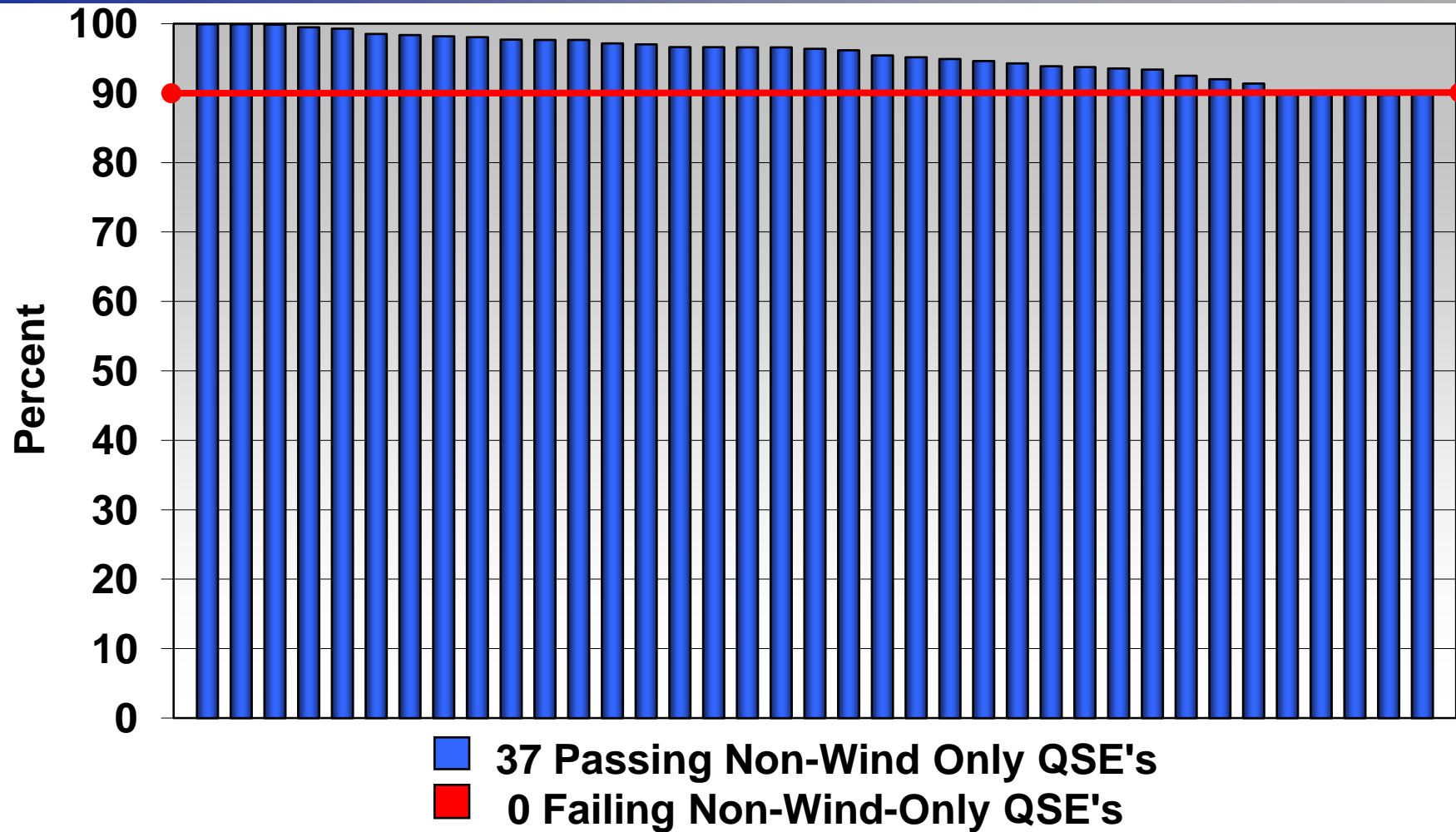
- **Purpose:** To maintain Interconnection steady-state frequency within defined limits by balancing real power demand and supply in real-time
- **CPS1 is one reliability measure of how well ERCOT Region managed the BPS**
- **The measure is based on a rolling 12 month average**
- **ERCOT Region's frequency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

# **Analysis of CPS1**

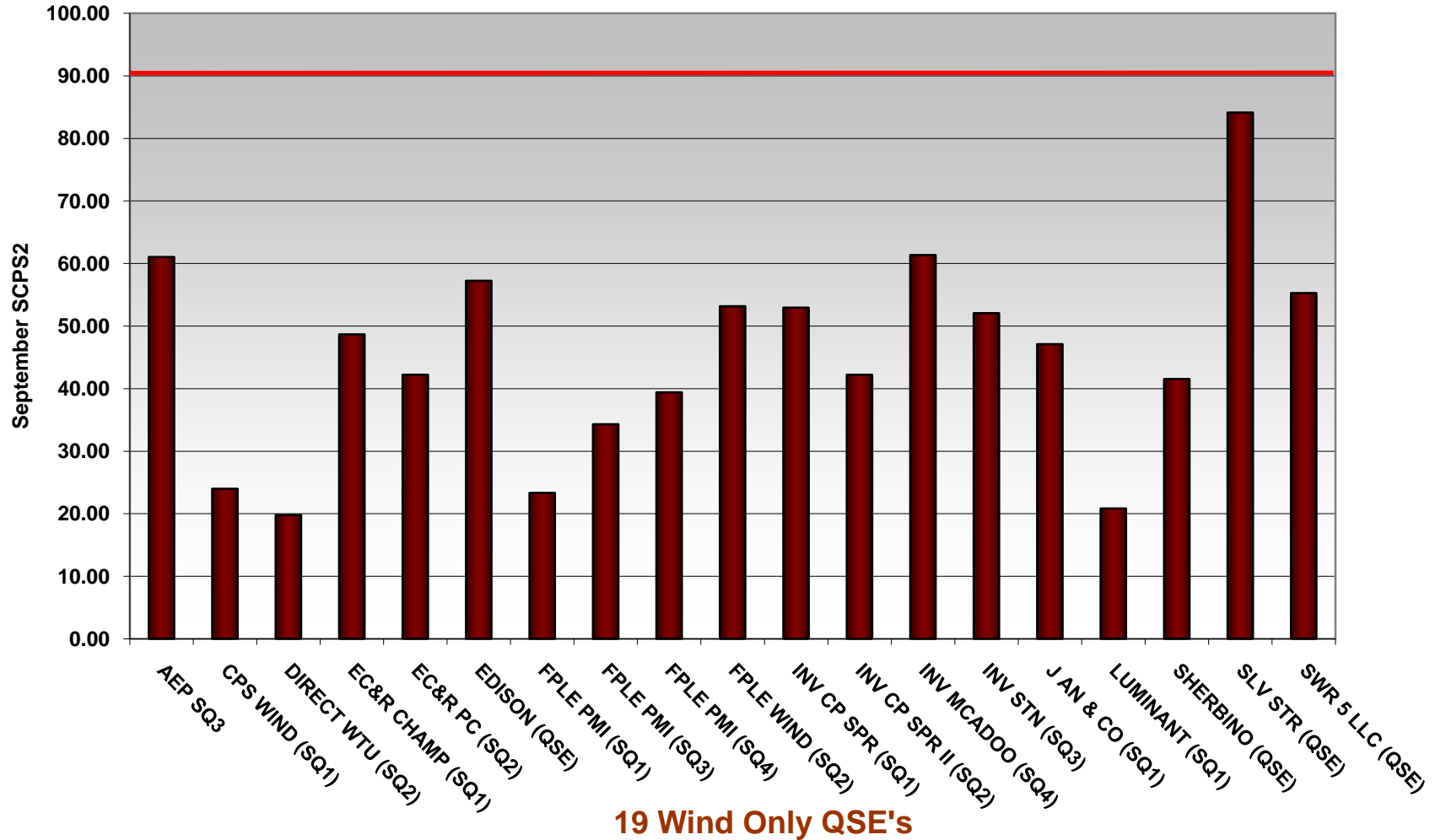
## **Monthly Performance (continued)**

- **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**
- **There was a sharp decrease in September 2008 due to Hurricane Ike and a recovery in October 2008**

# October 2008 - SCPS2 Scores for Non-Wind Only QSE's



# October 2008 – SCPS2 Scores for Wind Only QSE's



# Analysis of October 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**
- **The metrics for wind generation should be tailored to be more meaningful and enforceable**



# September 2008 Resource Plan Performance Metrics

Resource Plan Performance Metric	ID																																
	FW	JG	DK	BT	DE	IP	EQ	AP	AO	HA	BY	BC	JA	AY	AM	AR	BR	HJ	DF	CI	AE	AD	BJ	BH	JM	JL	JD	CF	ET	JO	DA	GR	GS
Resource Status	-	-	100	-	100	99	-	99	100	100	100	100	100	98	98	100	99	-	100	100	-	100	100	-	-	-	100	99	99	100	100	-	-
LSL as % of HSL	-	-	100	-	91	99	-	99	95	95	99	100	100	100	100	97	94	-	100	91	-	98	98	-	-	-	99	100	100	100	100	-	-
DA Zonal Schedule	100	100	96	92	100	100	100	100	100	100	99	100	100	90	100	100	100	100	100	100	-	100	100	100	100	96	100	99	-	100	98	100	100
AP Zonal Schedule	-	98	98	82	100	99	-	100	99	99	100	100	100	97	100	100	99	99	100	92	-	98	99	100	100	99	99	99	100	99	99	100	100
Down Bid & Obligation	-	100	98	87	97	99	-	95	96	100	97	99	100	99	97	100	99	100	100	92	-	97	94	98	100	100	93	100	100	73	97	100	100
Total Up AS Scheduled	-	-	-	-	100	-	-	100	96	97	94	100	100	97	99	100	94	-	98	-	90	-	-	-	-	-	98	98	-	100	89	-	-

Resource Plan Performance Metric	ID																																
	HS	BF	BE	DP	EU	FX	JH	JL	JN	JJ	JC	CY	BG	CX	FK	HW	IN	IZ	JP	JK	BX	CC	JE	CD	DI	FS	AC	IE	CQ	IV	CR	IO	FY
Resource Status	-	-	-	100	98	-	-	-	-	-	-	-	100	100	100	99	100	100	-	-	100	100	-	93	-	100	100	100	99	-	-	100	-
LSL as % of HSL	-	-	-	100	100	-	-	-	-	-	-	-	99	98	94	100	100	100	-	-	95	99	-	90	-	100	-	100	98	-	-	100	-
DA Zonal Schedule	100	100	100	100	100	100	100	100	100	100	61	-	100	100	100	98	99	100	-	95	100	100	100	100	-	-	-	100	98	100	100	93	-
AP Zonal Schedule	100	100	100	100	97	100	100	99	99	99	100	-	100	95	99	98	96	98	-	100	99	98	100	100	-	100	-	98	99	100	-	64	-
Down Bid & Obligation	100	99	100	97	99	100	100	100	92	100	100	-	99	94	100	91	96	98	-	100	98	95	100	100	-	-	-	97	99	99	-	44	-
Total Up AS Scheduled	-	-	-	98	96	-	-	-	-	-	-	-	100	98	95	95	87	100	-	-	96	99	-	100	-	-	-	94	100	-	-	-	98



4 Consecutive Failing Scores



3 Consecutive Failing Scores



2 Consecutive Failing Scores



1 Failing Score

# Analysis of September 2008 Resource Plan Performance Metrics

- **BT – American Electric Power Service Corp (SQ3) (QSE)**
  - First time with failing scores in Day Ahead Zonal Schedule and Down Bid & Obligation. American Electric Power Service Corp (SQ3) was informed by email about their score and did not provide a response contesting the failed score
- **JO – Fortis (SQ2) (QSE)**
  - First time with failing score in Down Bid. Fortis (SQ2) was informed by email about their score and acknowledged that the failed score was due to training of new personnel
- **IN – Reliant Energy Power Supply LLC (QSE)**
  - First time with failing score in Total Up AS Obligation. Reliant Energy Power Supply LLC was informed by email about their score and did not provide a response contesting the failed score

# Analysis of September 2008 Resource Plan Performance Metrics (continued)

## ● JC – J Aron and Company

- Third consecutive month with 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. J Aron is using the ERCOT supplied wind resource plan for their submitted resource plan as per PRR 763, but they are not updating their Day Ahead Energy Schedule which is causing them to fail the metric

## ● IO – Westar SQ1

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

# New Work

**As of November 5, 2008:**

- **Initiated 1 new Protocol and Operating Guides Violation Analysis**
- **Initiated 1 new Preliminary NERC Standards Violation Analysis**
- **Initiated 1 new Event Analysis**

# Update on Key Issues

- **Four (4) entities are in settlement discussions representing 15 violations**
  - One of the settlements was conditionally approved by NERC BOTCC, in October 2008
- **Entity “D”’s mitigation plan is currently under review. The review is expected to be completed by November 21, 2008.**

# **Major Compliance Accomplishments since the last report**

- **2008 Self-Certifications** were issued by Texas RE and 94.7% of the responses have been received and pursuing the remaining entities
- **12 SPS Event Analyses** have been completed and closed
  - Involves 3 entities
  - No violations were found
- **4 SPS Event Analyses** are still pending
  - Texas RE will send Spot Checks to all TOs involved
- **Victor Barry** represented Texas RE at the **Wind Coalition Conference**

# Major Compliance Initiatives in the last month

- **Texas Regional Entity Standards and Compliance Workshop**
  - November 5, 2008
  - 125 Market Participants attended and 24 participated via Web-Ex
- **Determined dates and are currently negotiating the venue for the 2009 Operations Training Seminar**

# Protocol/Nodal Update

- **Texas RE and the PUC:**
  - Continue to work together on appropriate categories of metrics for the Nodal Market
  - Need market participant committees (TAC and its subcommittees) to determine appropriate working groups for desired Nodal metrics
  - Will continue to provide coverage of the market participant committees and working groups developing Nodal (or Zonal) metrics



# Special Projects Report

- 1. NERC Load Serving Entity (LSE) Registration Plan**
- 2. NERC Rules of Procedures (RoP) Requirements**
- 3. How Texas RE addresses the Regional Reliability Issues**

# Special Projects Report- LSE

## 1. Load Serving Entity (LSE) Registration Issue

- FERC ruled on NERC's filing related to LSE registration and ordered that NERC Distribution Providers (DPs) to be registered as LSEs
- Texas RE had delayed registering LSEs until the FERC ruling
- LSE registration rules do not fit well with the market design in the ERCOT Region
- This action could result in the potential registration of >100 DP, QSEs and REPs
- The NERC LSE Standards/Requirements overlap with multiple other registered functions

# Special Projects Report- LSE

## LSE Registration Response from the Region:

- Many Registered Entities and Texas RE commented on the NERC LSE registration criteria
- NERC concurred with Texas RE position that the LSE registration rules were problematic for the ERCOT Region
- In its order, FERC allowed NERC to work with Texas RE and the region to develop a solution

# Special Projects Report- LSE

## Texas RE LSE Registration Plan:

- Texas RE has created a LSE Registration Working Group with volunteers in the ERCOT Region to craft a solution to present to NERC from Texas RE by December 2009
- Using open stakeholder meetings to gain market input and build consensus with the potential solution
- Posting meeting notes publicly on the ERCOT website
- Anyone can also submit their comments to NERC

# Special Projects Report- LSE

## LSE registration issue potential next steps:

- Create Regional Standards using the Texas RE Reliability Standards Development Process
- Propose ERCOT Region LSE solution to NERC

# Special Projects Report- RoP

## 2. NERC Rules of Procedures (RoP) have requirements that Regional Entities (REs) review, analyze, assess and report on reliability issues

- Section 800 of the NERC RoP requires that Texas RE:
  - ◆ Review, assess, and report on the overall electric generation and transmission reliability (adequacy and operating reliability) of the interconnected bulk power systems, both existing and as planned
  - ◆ Assess and report on the key issues, risks, and uncertainties that affect or have the potential to affect the reliability of existing and future electric supply and transmission
  - ◆ Identify, analyze, and project trends in electric customer demand, supply, and transmission and their impacts on bulk power system reliability

# Special Projects Report- RoP

## Section 800 of the NERC RoP requires that Texas RE (continued):

- Review, analyze, and report on regional self-assessments of electric supply and bulk power transmission reliability, including reliability issues of specific regional concern
- Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation on the adequacy and operating reliability of the bulk power systems

# Special Projects Report- Issues

## 3. How Texas RE addresses Regional Reliability Issues?

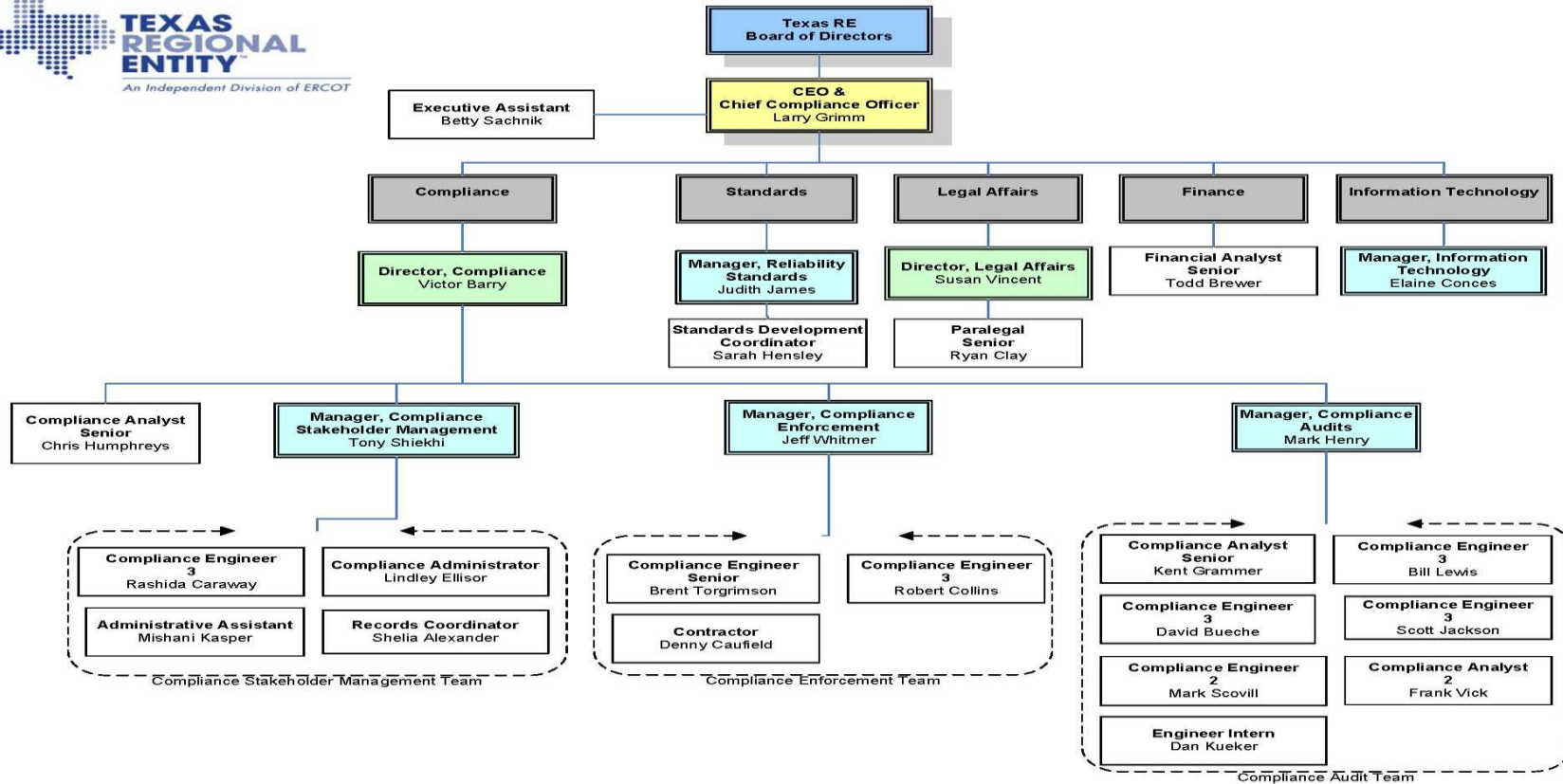
- Texas RE, as an independent organization, champions reliability concerns without bias or prejudice
- Texas RE comments publicly on reliability issues when there is
  - unaddressed risk to the region
  - when regional actions/progress may be inadequate
- Texas RE looks to the region to craft reasonable solutions
- Texas RE will only formally comment when solutions are not reasonable or adequate
- Texas RE formally comments so as to make our positions available to all market participants and to allow rebuttal



# Texas RE OGRR208 Position

- **Texas RE strongly supports the need for WGRs that are part of a Generation Interconnect Agreement signed after November 1, 2008 to be installed with LVRT technology. This provision of OGRR208 must be retained and implemented.**
- **Texas RE supports the need for additional studies to define the actual risk to the BPS**
- **Mandating retrofit requirements without adequate foundation is not a preferred practice**
- **Texas RE believes the 2015 implementation period is excessive if true risk exists**

# Texas Re Organizational Chart



# 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**