



**TEXAS
REGIONAL
ENTITY™**

An Independent Division of ERCOT

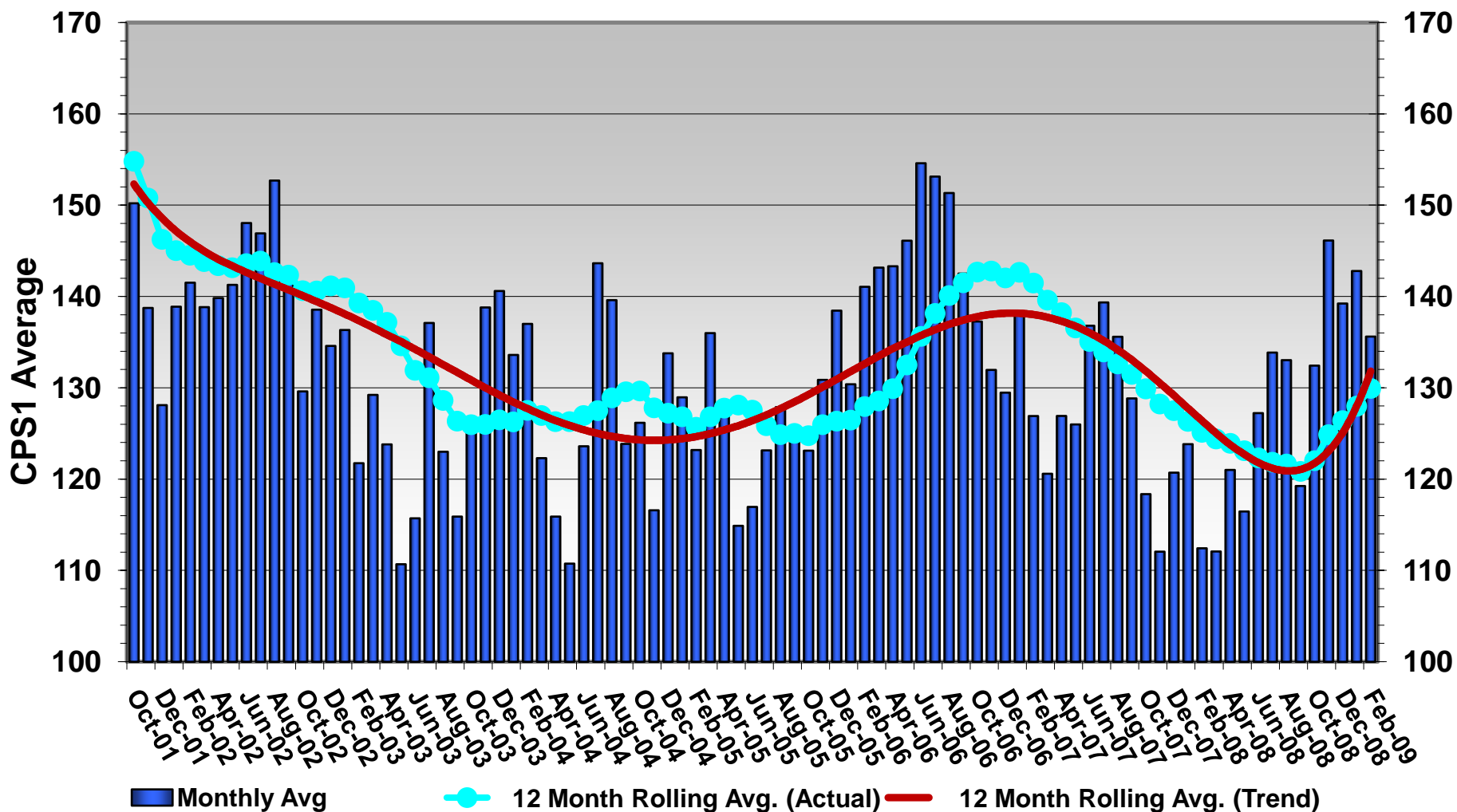
Texas Regional Entity Compliance Report

Board of Directors
March 16, 2009

Overview

- **February 2009 ERCOT's CPS1 Monthly Performance**
- **February 2009 SCPS2 Scores for Non-Wind and Wind Only QSEs**
- **January 2009 Resource Plan Performance Metrics for Non-Wind and Wind Only QSEs**
- **Update on Key Issues**
- **Compliance Human Resources**
- **CIP Budgeting- Initial View**
- **PRR & OG Highlights**
- **NERC LSE Registration Update**

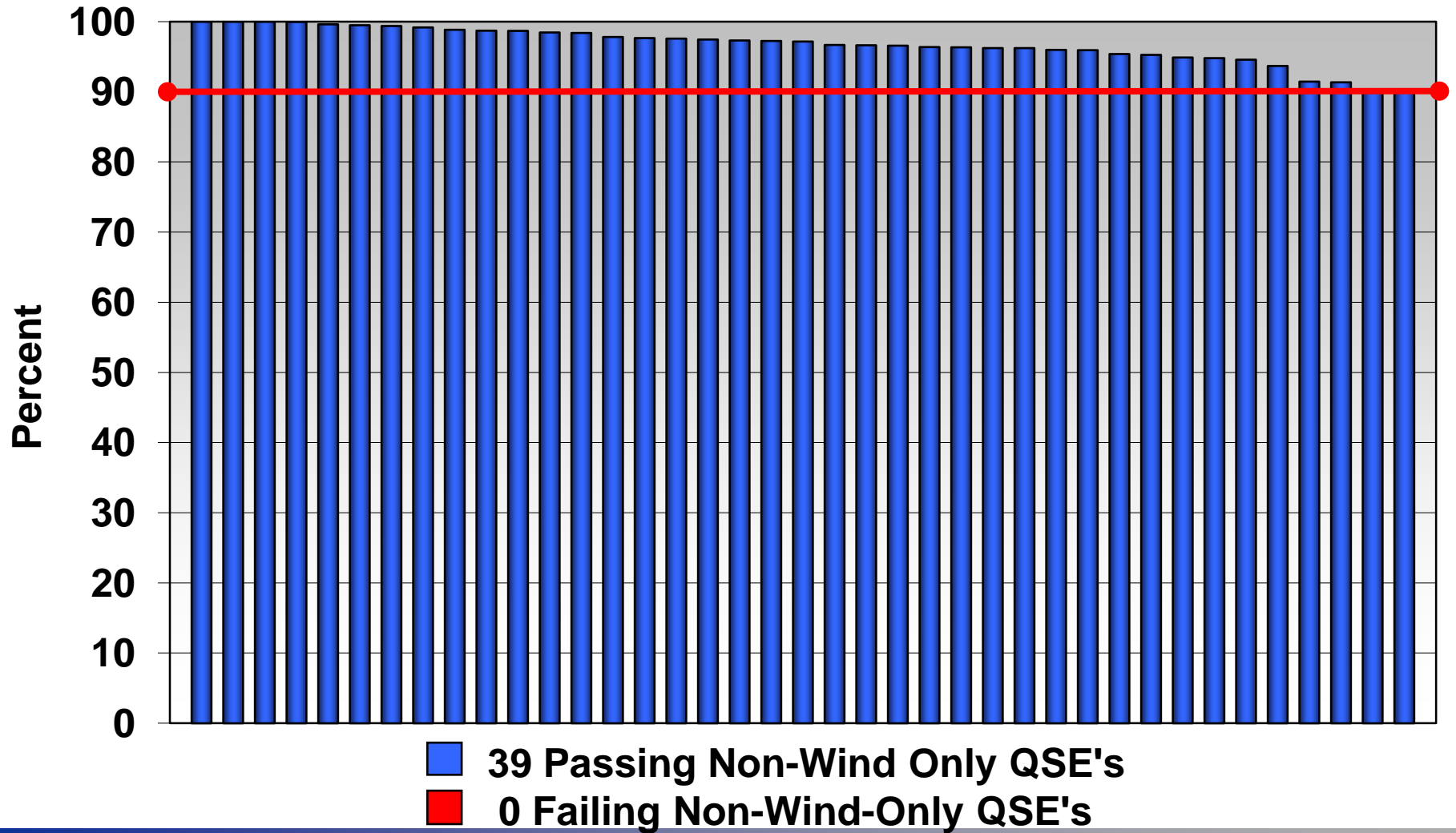
February 2009 ERCOT's CPS1 Monthly Performance



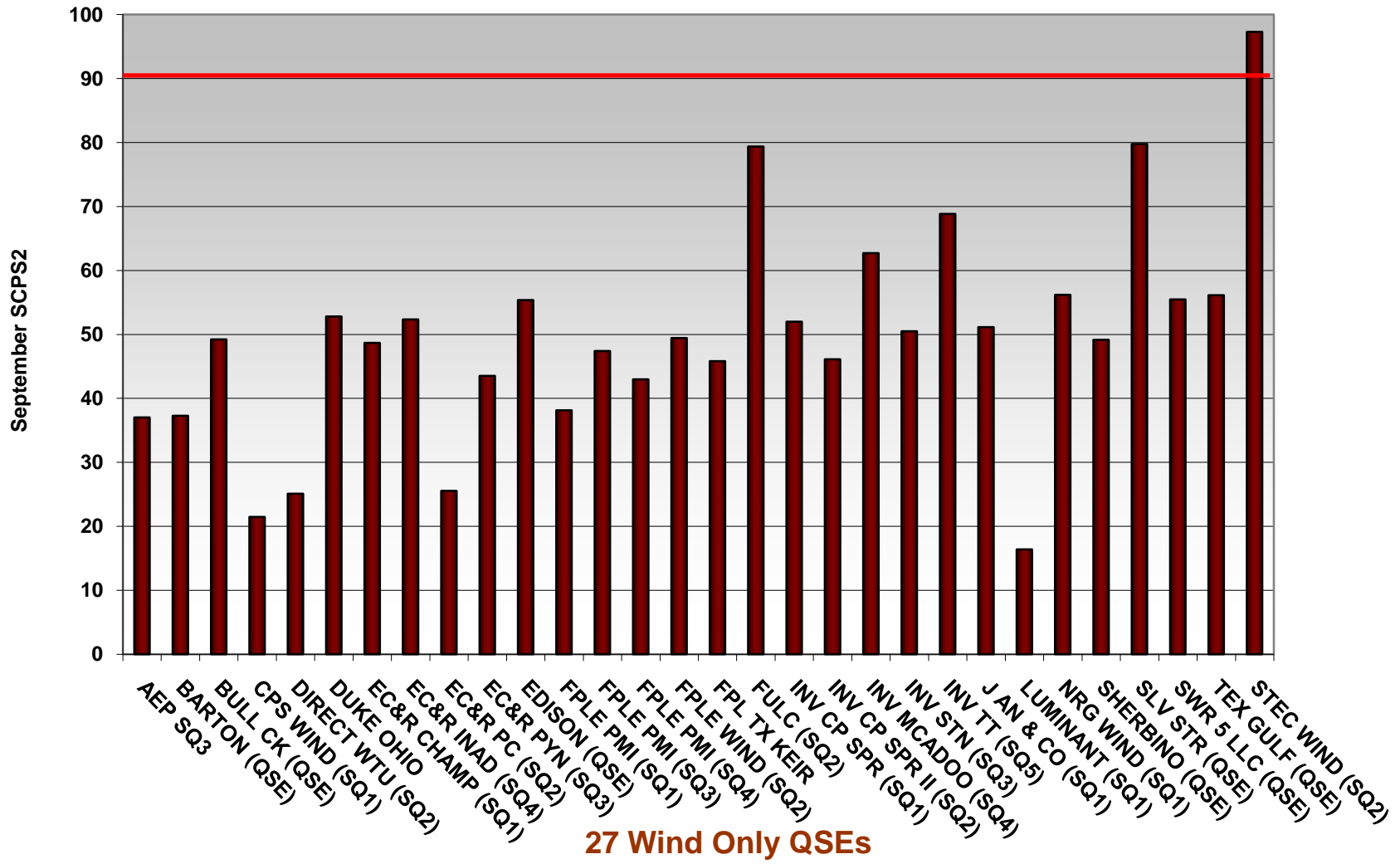
Analysis of CPS1 Monthly Performance

- **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 the ERCOT region managed the BPS**
- **ERCOT region's frequency performance is determined by NERC Control Performance Standard 1 (CPS1)**
- **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**

February 2009 SCPS2 Scores for Non-Wind Only QSEs



February 2009 SCPS2 Scores for Wind Only QSEs



Analysis of February 2009 SCPS2 Scores

- **This is a schedule focused metric**
- **Calculations are Portfolio Based by QSE**
- **A detailed formula can be found in Protocol 6.10.5.3**
- **6th Straight month that all non-wind only QSEs passed**

January 2009 Resource Plan Performance Metrics for Non-Wind Only QSEs

| Resource Plan Performance Metric | ID | | | | | | | | | | | | | | | | | |
|----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | DK | DE | IP | AP | BY | BC | AY | AM | AR | KC | BR | DF | CI | AD | BJ | JD | CF | ET |
| Resource Status | 100 | 100 | 100 | 100 | 100 | 100 | 98 | 99 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| LSL as % of HSL | 99 | 99 | 100 | 100 | 99 | 100 | 100 | 100 | 100 | 96 | 98 | 99 | 94 | 99 | 99 | 99 | 100 | 100 |
| DA Zonal Schedule | 100 | 100 | 100 | 100 | 100 | 100 | 97 | 100 | 100 | 99 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | - |
| AP Zonal Schedule | 100 | 100 | 100 | 100 | 100 | 100 | 96 | 100 | 100 | 99 | 99 | 100 | 98 | 99 | 100 | 100 | 100 | 100 |
| Down Bid & Obligation | 97 | 99 | 100 | 100 | 95 | 100 | 99 | 98 | 100 | 97 | 98 | 94 | 97 | 99 | 98 | 98 | 100 | - |
| Total Up AS Scheduled | - | 100 | - | 100 | 98 | 100 | 98 | 94 | 100 | 96 | 99 | 97 | - | - | - | 90 | 100 | 100 |
| Resource Plan Performance Metric | ID | | | | | | | | | | | | | | | | | |
| | JO | DA | DP | BG | JZ | JV | JU | CX | FK | HW | IN | IZ | BX | CC | CD | AC | CQ | |
| Resource Status | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 98 | 100 | 100 | 100 | 100 | 98 | 100 | 100 | |
| LSL as % of HSL | 99 | 100 | 100 | 99 | - | 100 | 100 | 99 | 92 | 99 | 100 | 99 | 99 | 92 | 99 | 100 | 98 | |
| DA Zonal Schedule | 100 | 99 | 100 | 100 | - | 100 | 100 | 100 | 100 | 93 | 99 | 100 | 99 | 100 | 100 | 100 | 100 | |
| AP Zonal Schedule | 100 | 98 | 100 | 99 | - | 98 | 99 | 98 | 100 | 96 | 97 | 97 | 99 | 99 | 100 | 100 | 97 | |
| Down Bid & Obligation | 98 | 92 | 94 | 98 | - | 98 | 98 | 96 | 100 | 96 | 98 | 99 | 99 | 97 | 100 | 97 | 99 | |
| Total Up AS Scheduled | 88 | 96 | 99 | 98 | - | 91 | 95 | 99 | 98 | 96 | 96 | 100 | 99 | 97 | 97 | - | 100 | |

 4 Consecutive Failing Scores

 3 Consecutive Failing Scores

 2 Consecutive Failing Scores

 1 Failing Score

Analysis of January 2009 Resource Plan Performance Metrics for Non-Wind Only QSEs

- **JO – Fortis (SQ2)**
 - First time failing the Resource Plan Performance Metric Total Up AS Schedule & Obligation Measure. Fortis (SQ2) was notified of their failing score and acknowledge the score. They have identified and corrected the problem.

January 2009 Resource Plan Performance Metrics for Wind Only QSEs

| Resource Plan Performance Metric | ID | | | | | | | | | | | | | | |
|----------------------------------|-----|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | JG | BT | JF | JS | HJ | BH | DI | JY | JM | JW | JL | GR | GS | HS | BF |
| DA Zonal Schedule | 100 | 91 | 99 | 100 | 98 | 100 | 100 | 100 | 100 | 100 | 99 | 96 | 100 | 100 | 95 |
| AP Zonal Schedule | 100 | 94 | 100 | 98 | 99 | 98 | 100 | 100 | 100 | 99 | 99 | 100 | 100 | 100 | 100 |
| Down Bid & Obligation | 100 | 94 | 94 | 99 | 100 | 100 | 99 | 100 | 100 | 97 | 100 | 100 | 100 | 100 | 100 |

| Resource Plan Performance Metric | ID | | | | | | | | | | | | | | |
|----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---|
| | BE | FX | JH | JI | JN | JJ | JT | JC | JQ | JP | JK | JE | JR | IV | |
| DA Zonal Schedule | 99 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 98 | 100 | 100 | 100 | - |
| AP Zonal Schedule | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 99 | 97 | 100 | 100 | 98 | 99 | 99 | - |
| Down Bid & Obligation | 100 | 99 | 100 | 94 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 97 | 100 | - |

 4 Consecutive Failing Scores

 3 Consecutive Failing Scores

 2 Consecutive Failing Scores

 1 Failing Score

- **Texas RE Moved to a new Location:**
 - 2700 Via Fortuna, Suite 225
Austin, Texas 78746
 - Move was successful with minimal disruptions in work
- **Successfully Registered 613 Market Participants for the 25th Annual ERCOT Operations Training Seminar**
 - Registration still available in sessions 2, 5, and 6
 - Session 1 began on March 9th
- **Two NERC Audits were conducted as scheduled**

Compliance Human Resources

- **Compliance has 4 unfilled, budgeted 2009 openings (2 Enforcement, 1 Audit, 1 Stakeholder Management)**
- **No resignations since summer 2008**
- **4 compliance position interviews were conducted in February**
 - One offer is in process
 - Still difficulty attracting qualified staff

PRR & OG Highlights

- **PRR 787** – Tabled to allow PUCT and Texas RE staff to discuss solutions with market participants. Open meeting 3/10 at 9:30 a.m. Met Center room 168
- **PRR 796** – Texas RE, the PUCT and ERCOT ISO do not interpret the PRR the same way as NextERA (FPL). Meeting to be held 3/11 to share understanding and goals
- **PRR 800** – Texas RE supports the intent of the PRR but would like to have metrics, reporting and enforcement language included. Working with market participants to add appropriate language

Load Serving Entity (LSE) Registration Update

- **The LSE Registration Working Group (LSERWG) met on February 27th to negotiate a NERC Joint Registration Organization (JRO) agreement for the NERC LSE Function in the ERCOT region**
- **LSERWG reviewed and revised (from its last meeting) the list of entities in ERCOT that are responsible for each of the standard requirements applicable to LSEs (NERC LSE Standards Applicability “Matrix”)**
- **Texas RE distributed the revised Matrix to the LSEWG and numerous market participant Listserv distribution lists for detailed comment by Thursday, March 19th**

Load Serving Entity (LSE) Registration Update (Cont.)

- **Texas RE will compile all responses for review at the next LSERWG meeting on Wednesday, March 25th**
- **Texas RE Suggested that entities coordinate their responses by function (RC, TO, DP, QSE with LaaR/EILS) before next LSERWG Meeting**

NERC Standards Violations

| | Registered Entity | Violation Date | Violation Status | Category | Violation Severity Level | Risk Factor | Mitigation Plan Status | Texas RE Assessment of Reliability Impact |
|----|-------------------|----------------|------------------|-----------|--------------------------|-------------|-------------------------------|---|
| 1 | T | 10/20/08 | Preliminary | Technical | High | Medium | Submitted | Large |
| 2 | T | 10/20/08 | Preliminary | Technical | High | Medium | Submitted | Large |
| 3 | T | 10/20/08 | Preliminary | Technical | High | Medium | Submitted | Large |
| 4 | T | 10/20/08 | Preliminary | Technical | Severe | High | Submitted | Large |
| 5 | T | 10/20/08 | Preliminary | Technical | High | High | Submitted | Large |
| 6 | F | 3/17/08 | Preliminary | Technical | Severe | High | Submitted* | Medium |
| 7 | T | 10/10/08 | Preliminary | Technical | High | Medium | Submitted* | Medium |
| 8 | W | 11/17/08 | Preliminary | Technical | Severe | High | Submitted* | Medium |
| 9 | Q | 9/22/08 | Preliminary | Technical | Severe | High | Approval (by NERC) | Small |
| 10 | U | 9/24/08 | Preliminary | Technical | Severe | High | Submitted | Small |
| 11 | F | 10/10/08 | Preliminary | Technical | Moderate | High | Submitted | Small |
| 12 | V | 11/3/08 | Preliminary | Technical | Severe | High | Not Submitted | Small |
| 13 | V | 11/3/08 | Preliminary | Technical | Severe | Medium | Not Submitted | Small |
| 14 | A | 10/3/07 | Confirmed | Admin | Severe | Lower | Approved, Extension Requested | Minimal |
| 15 | A | 10/3/07 | Confirmed | Admin | Severe | Lower | Approved, Extension Requested | Minimal |
| 16 | A | 10/3/07 | Confirmed | Admin | Severe | Lower | Approved, Extension Requested | Minimal |
| 17 | A | 10/3/07 | Confirmed | Admin | Severe | Medium | Approved, Extension Requested | Minimal |

| | Registered Entity | Violation Date | Violation Status | Category | Violation Severity Level | Risk Factor | Mitigation Plan Status | Texas RE Assessment of Reliability Impact |
|----|-------------------|----------------|------------------|-----------|--------------------------|-------------|--------------------------------|---|
| 18 | A | 10/3/07 | Confirmed | Admin | Severe | Medium | Approved, Extension Requested | Minimal |
| 19 | A | 10/3/07 | Confirmed | Technical | Lower | High | Approved, Completed | Minimal |
| 20 | C | 1/16/08 | Alleged | Admin | Lower | Medium | Approved, Completed* | Minimal |
| 21 | C | 1/16/08 | Alleged | Admin | High | Medium | Approved, Completed* | Minimal |
| 22 | D | 2/15/08 | Preliminary | Technical | Severe | High | Completed* | Minimal |
| 23 | D | 2/15/08 | Preliminary | Technical | Severe | High | Completed* | Minimal |
| 24 | D | 2/15/08 | Preliminary | Technical | Severe | Medium | Completed* | Minimal |
| 25 | D | 2/15/08 | Preliminary | Technical | Severe | Medium | Completed* | Minimal |
| 26 | D | 2/15/08 | Preliminary | Technical | Severe | Medium | Completed* | Minimal |
| 27 | D | 2/15/08 | Preliminary | Admin | Lower | Medium | Completed* | Minimal |
| 28 | D | 2/15/08 | Preliminary | Admin | Lower | Medium | Completed* | Minimal |
| 29 | D | 2/15/08 | Preliminary | Admin | High | Medium | Completed* | Minimal |
| 30 | D | 2/15/08 | Preliminary | Admin | Lower | Medium | Completed* | Minimal |
| 31 | D | 2/15/08 | Preliminary | Admin | Severe | Medium | Completed* | Minimal |
| 32 | D | 2/15/08 | Preliminary | Admin | Severe | Lower | Completed* | Minimal |
| 33 | E | 2/28/08 | Preliminary | Admin | Moderate | Lower | Approved, Completed* | Minimal |
| 34 | E | 2/28/08 | Preliminary | Admin | Moderate | Medium | Approved, Completed* | Minimal |
| 35 | M | 8/4/08 | Alleged | Technical | Lower | Medium | Not Required (non-enforceable) | Minimal |

| | Registered Entity | Violation Date | Violation Status | Category | Violation Severity Level | Risk Factor | Mitigation Plan Status | Texas RE Assessment of Reliability Impact |
|----|-------------------|----------------|------------------|-----------|--------------------------|-------------|------------------------|---|
| 36 | T | 10/20/08 | Preliminary | Technical | Lower | Medium | Submitted | Minimal |
| 37 | T | 10/20/08 | Preliminary | Technical | Severe | High | Submitted | Minimal |
| 38 | T | 10/20/08 | Preliminary | Technical | Lower | Medium | Submitted | Minimal |
| 39 | T | 10/20/08 | Preliminary | Technical | Severe | Lower | Submitted | Minimal |
| 40 | T | 10/20/08 | Preliminary | Technical | Moderate | Medium | Submitted | Minimal |
| 41 | F | 11/18/08 | Preliminary | Technical | TBD | Medium | Submitted | Minimal |
| 42 | F | 11/18/08 | Preliminary | Technical | Severe | Medium | Submitted | Minimal |
| 43 | T | 12/08/08 | Alleged | Technical | Not Specified | Lower | Completed | Minimal |
| 44 | Z | 12/18/08 | Preliminary | Technical | TBD | Lower | Not Submitted | Minimal |

Legend:

- 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, Approved (by NERC), (After Approval - On Schedule, Behind Schedule, Extension Requested, Completed)
- Texas RE Assessment of Risk to System –Minimal, Small, Medium, Large, Immense

* 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 | OG2.9.2 | Automatic Firm Load Shedding | 7/24/08 | Alleged | Self-Reporting | Submitted |
| 2 | P6.10.5.3 | SCE Monitoring Criteria | 9/17/08 | Confirmed | Data Gathering | Completed |
| 3 | P5.4.4 | Compliance with Dispatch Instructions | 9/22/08 | Alleged | Spot Check | Submitted |
| 4 | P6.3.2 | QSE Responsibilities | 9/24/08 | Alleged | Event | Completed |
| 5 | OG8.3.3 | QSE Responsibilities | 9/24/08 | Alleged | Incident | Submitted |
| 6 | P6.5.7.2 P16.2.2 | QSE Responsibilities | 11/04/08 | Initial | Incident | Submitted |
| 7 | P6.10.5.4 | Responsive Reserve Services Deployment | 11/12/08 | Initial | Incident | Submitted |
| 8 | P4.10.2 P4.10.5 | QSE Scoring Review | 11/12/08 | Initial | Data Submittal | Submitted |
| 9 | P4.10.2 P4.10.6 | QSE Scoring Review | 1/07/09 | Alleged | Data Submittal | Submitted |
| 10 | OG1.8.2 | System Operating Training Requirements | 1/13/09 | Alleged | Compliance Audit | Not Submitted |

Legend:

- 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



**TEXAS
REGIONAL
ENTITY™**

An Independent Division of ERCOT

Texas Regional Entity Standards Report

Board of Directors

March 16, 2009

SAR-001-TRE-02 – ERCOT ISO VOTE

- Provision for ERCOT ISO to Have a Vote in the Regional Standards Process, subject of Standard Authorization Request SAR-001-TRE-002
 - Approved by the ERCOT Board on February 17, 2009
 - The approved documents to implement this Provision have been submitted to NERC for approval.

SAR-002, 003, and 004

- SAR-002 Development of Regional UFLS Program
 - Drafting team will start drafting after more is known about continent -wide effort.
- SAR-003 FERC-Ordered Variance ERCOT CPS2 Waiver
 - RSC approved draft for public comment on March 4, 2009.
 - 30 day comment period began March 15, 2009.
- SAR-004 Include Transmission Owners and Generation Owners in List of Applicability of CIP Sabotage Reporting Standard
 - RSC determined this SAR was potentially redundant and voted in October 2008 to not post at this time.
 - This SAR is inactive.

LSE SARs-005, 006, and 007--Inactive

- SAR-005, 006, and 007 – Regional variances to remove LSE applicability from MOD-017 through MOD-021 and EOP-002
 - These SARs are currently inactive while LSE Registration Working Group meets to negotiate joint agreement.
 - LSE Working Group met February 27, 2009 to begin negotiating the JRO for the NERC LSE Function in the ERCOT region.
 - Interested parties were requested to submit proposed language to be included in the JRO by March 19, 2009.
 - The Working Group will meet again March 25, 2009 to review the draft JRO.