



**TEXAS
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ENTITY™**

An Independent Division of ERCOT

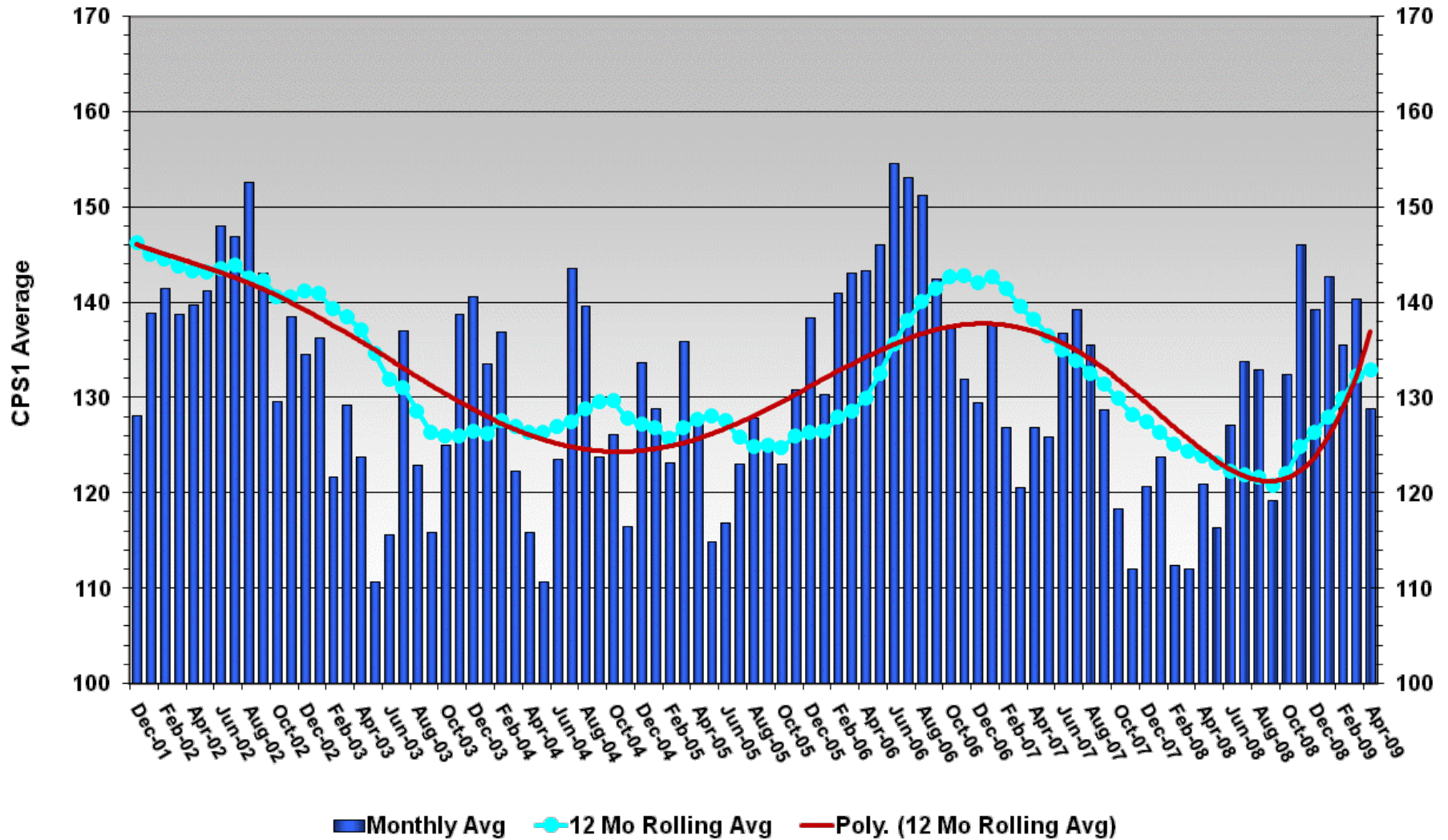
Texas Regional Entity Compliance Report

Board of Directors
May 19, 2009

Overview

- **April 2009 ERCOT's CPS1 Monthly Performance**
- **April 2009 SCPS2 Scores for Non-Wind and Wind Only QSEs**
- **March 2009 Resource Plan Performance Metrics for Non-Wind and Wind Only QSEs**
- **Key Issues**
 - NERC LSE Registration Update
 - Nodal Market Preparedness
 - NOGRR 025 - Monitoring Programs for QSEs, TSPs & ERCOT
 - Zonal PRR and OGRR Progress
 - Wind Metrics progress
- **NERC Audit & Enforcement Highlights**
- **Texas RE Compliance Workshop**
- **Compliance Human Resources**

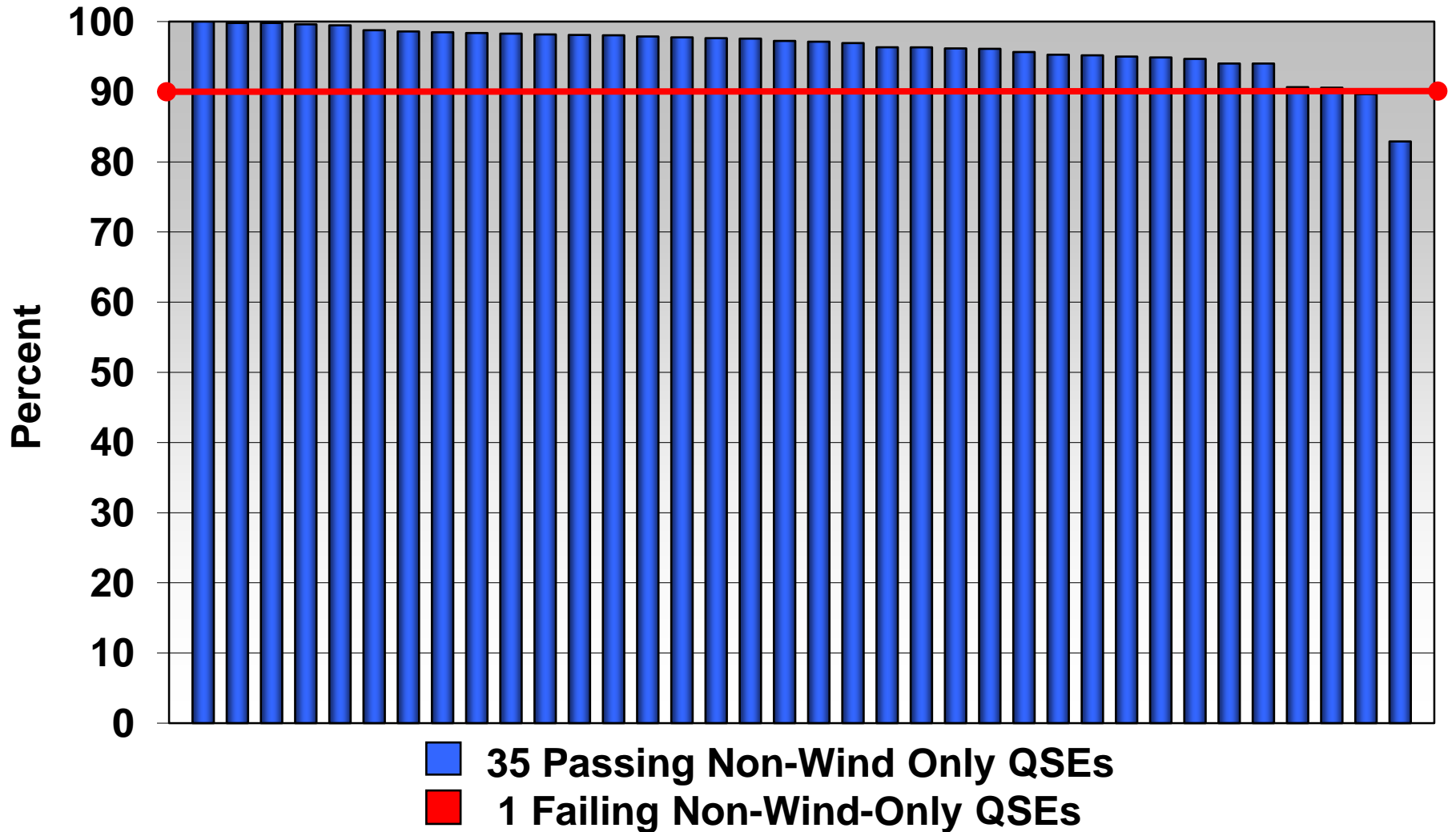
April 2009 ERCOT's CPS1 Monthly Performance



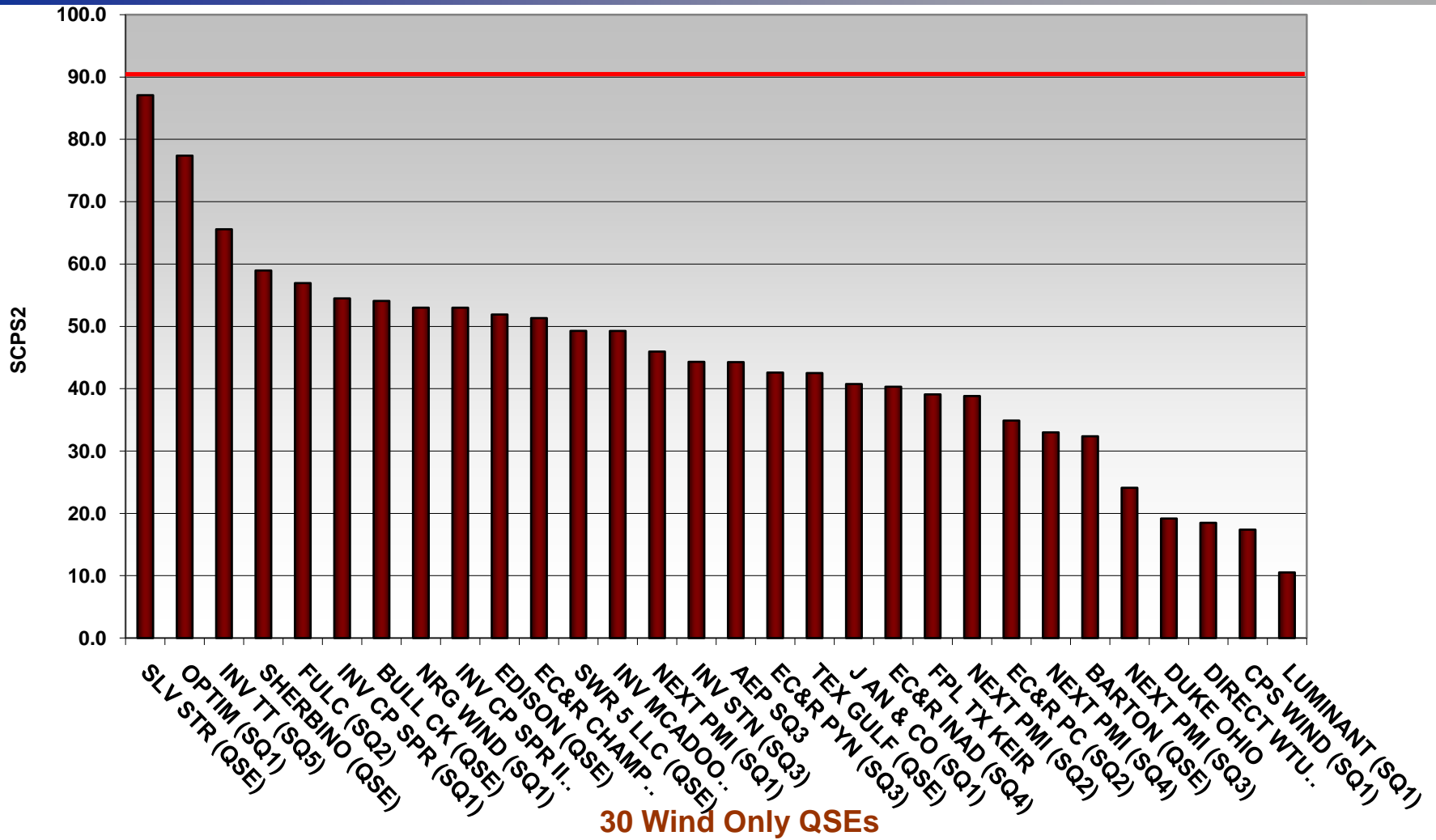
Analysis of CPS1 Monthly Performance

- **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**

April 2009 SCPS2 Scores for Non-Wind Only QSEs



April 2009 SCPS2 Scores for Wind Only QSEs



Analysis of April 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**

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

Resource Plan Performance Metric	ID																			
	DZ	DK	DE	AP	BY	BC	AY	AM	AR	KB	BR	DF	CI	AD	BJ	BI	CF	ET	DA	DP
Resource Status	-	100	100	100	100	100	99	99	100	99	100	100	100	100	100	100	99	100	100	
LSL as % of HSL	-	-	98	99	100	95	99	100	99	98	99	99	-	99	100	-	100	100	100	98
DA Zonal Schedule	100	-	100	97	100	100	95	100	100	99	100	100	-	100	100	-	100	100	99	100
AP Zonal Schedule	-	-	99	99	100	98	91	100	99	99	99	98	-	100	100	-	99	98	99	100
Down Bid & Obligation	-	-	99	99	98	99	99	98	97	98	98	90	-	96	93	-	99	70	96	99
Total Up AS Scheduled	-	-	100	100	92	95	98	95	99	100	98	99	-	-	-	-	100	100	97	95
	ID																			
	IP	BG	CQ	JZ	FJ	JU	CX	FK	HW	JD	KA	JZ	IN	IZ	BX	CC	CD	AC	IO	FY
Resource Status	100	100	100	100	-	100	99	100	99	100	100	100	100	100	100	100	98	100	100	-
LSL as % of HSL	83	94	92	-	-	99	100	97	97	100	100	100	100	99	100	100	93	100	-	-
DA Zonal Schedule	100	99	100	-	100	100	99	90	100	100	100	100	100	100	100	100	100	100	-	-
AP Zonal Schedule	100	99	96	-	-	90	99	99	98	100	99	99	99	100	95	95	100	100	-	-
Down Bid & Obligation	80	98	93	-	-	92	90	100	92	95	49	51	98	100	98	92	99	100	-	-
Total Up AS Scheduled	-	100	99	-	-	92	99	98	95	94	95	97	95	100	96	94	92	-	-	100

 4 Consecutive Failing Scores

 3 Consecutive Failing Scores

 2 Consecutive Failing Scores

 1 Failing Score

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

- **ET – First time failing the Resource Plan Performance Metric Down Bid & Obligation Measure. Action by TRE- ET was notified of their failing score and acknowledge the score. Reason: as QSE for a new unit in their portfolio, ET did not set up the ability to down balance in scheduling system, which caused Down Bid & Obligation failure. Solution- They have identified and corrected the problem**
- **IP – Second time failing of two Resource Plan Performance Metrics: LSL as % of HSL and Down Bid & Obligation Measure. Action by TRE- IP was notified of their failing scores and acknowledge the scores. Reasons: (a) prior month carry over from internal communication issues (Down Bid), and (b) use of incorrect requirement percentage for plants (LSL as % of HSL). Solution- They have identified and corrected the causes of the problem**
- **KA – First time failing the Resource Plan Performance Metric Down Bid & Obligation Measure. Action by TRE- KA was notified of their failing score and acknowledge the score. Reason: Entity used an incorrect down balance percentage. Solution- They have identified and corrected the problem**
- **JZ – First time failing the Resource Plan Performance Metric Down Bid & Obligation Measure. Action by TRE- JZ was notified of their failing score and acknowledge the score. Reason: used incorrect down balance percentage. Solution- They have identified and corrected the problem.**

March 2009 Resource Plan Performance Metrics for Wind Only QSEs

Resource Plan Performance Metric	ID													
	BT	JF	JS	HJ	BH	DI	JY	JM	JW	JL	GR	GS	HS	BF
DA Zonal Schedule	100	100	100	100	100	100	100	100	100	100	100	100	100	99
AP Zonal Schedule	100	99	100	99	98	99	100	98	99	97	99	100	100	100
Down Bid & Obligation	96	99	100	100	100	84	100	100	100	100	99	99	100	99
	ID													
	BE	FX	JH	JI	JN	JJ	JT	JC	IV	JQ	JP	JK	JE	JR
DA Zonal Schedule	100	100	100	100	100	100	100	100	100	100	100	100	100	100
AP Zonal Schedule	100	100	100	100	99	100	100	100	100	99	99	100	99	100
Down Bid & Obligation	99	100	100	100	100	100	100	100	100	100	97	100	100	100

 4 Consecutive Failing Scores

 3 Consecutive Failing Scores

 2 Consecutive Failing Scores

 1 Failing Score

Analysis of March 2009 Resource Plan Performance Metrics for Wind Only QSEs

- **DI – First time failing the Resource Plan Performance Metric Down Bid & Obligation Measure. Action by TRE-DI was notified of their failing score and acknowledge the score. Reason: Entity submittal of failure of revised DBES bid. Solution: They have identified and corrected the problem.**

Key Issues

- **NERC Load Serving Entity (LSE) Registration JRO**
- **Nodal Market Preparedness**
- **NOGRR025**
- **Zonal PRR and OGRR progress**
- **Wind Metrics progress**

- **LSE Registration Working Group (LSERWG) met on April 30, 2009, to continue drafting language and negotiating the JRO agreement for the NERC LSE Function in the ERCOT region.**
- **Additional comments have been submitted and are being reviewed.**
- **Final draft JRO responsibility spreadsheet being compiled.**
- **JRO contractual language is being prepared – draft was sent to LSERWG on Friday (5/08/2009) for review and comment.**
- **Next LSERWG meeting is scheduled for June 2nd**

Nodal Market Preparedness

- **PUCT and Texas RE staff have invested significant time working with the stakeholders to communicate the regulatory needs**
- **Goals for Go Live:**
 - **Adequate PUCT oversight of market on first day**
 - **Enforcement to consider new market limitations**
 - **Reasonableness in application**
 - **Metric adjustment and tuning process likely**
 - **Reliability and Compliance Training Plan**
 - **Systems and reports in place**
 - **Longer term plan for additional metrics, if needed**
 - **Clear communication of regulatory oversight and risk**

Nodal Market Preparedness

- **PUCT, Texas RE, IMM and ERCOT ISO are working to define a minimum set of reliability metrics and criteria to support a gap analysis for Nodal go live**
 - **PUCT will hold public comment workshops to obtain stakeholder input**
 - **PUCT intends to submit resulting NPRRs and NOGRRs to ERCOT process for approval**
- **NOGRR025 stakeholder process should continue in parallel**
- **Reliability metrics and criteria to be in place for market trials**
- **Minimized impact to Nodal Project (no code changes to core systems)**

NOGRR 025- Monitoring Programs for QSEs, TSPs, & ERCOT ISO

- **Nodal Protocol Section 8 Performance & Monitoring requires a monitoring program to be included in the Nodal Operating Guides**
- **NOGRR 025 adds Nodal Operating Guide Sec. 9 including monitoring and reporting metrics for QSEs, Resources, TSPs & ERCOT ISO**

Timelines:

- **4/16/09: ROS considered OWG, QMWG, BSTF, NDSWG comments**
- **5/1/09: 2nd combined workshop meeting held among work groups**
- **5/1/09: CEO Revision Request Review comments posted: NOGRR025 is necessary prior to the Texas Nodal Market Implementation Date**
- **Next step: 5/14/09 ROS meeting to hear reports from all Working Groups**

PRR 787 – SCPS2 Metric & Outage Definitions

PRR 787:

- **Expected to be approved by ROS on May 14**
- **Next step, PRS to vote on May 21**
- **Texas RE supports ROS and Luminant comments**
- **Texas RE proposed adding clarifying language to the new Outage definitions proposed by Luminant and endorsed by ROS on 4/16/09**

Proposed changes:

- **New definitions: Forced Derate, Startup Failure (Luminant)**
- **Forced Derates are approved as Maintenance Outages (Luminant)**
- **New penalty language for SCPS2 violations (PUCT & Texas RE)**
- **Possible A/S qualification revocation if more than 4 violations within 12 months (PUCT & Texas RE)**
- **Clean slate if SCPS2 $\geq 90\%$ for 12 consecutive months (PUCT & Texas RE)**
- **Comments proposing revisions to PUCT & Texas RE's SCPS2 violation language submitted (CPS) are opposed by PUCT & Texas RE**

PRR 796:

- **Approved by PRS on March 19**
- **Approved by TAC on May 7**
- **Next step: Board vote on May 20**

Changes:

- **Allows two (2) hours following a Forced Outage to be excluded from performance calculation (FPL)**
- **Texas RE will incorporate 2-hour allowance into current review process**

Texas RE supports PRR 796 in its present form

PRR 800 – QSE Day Ahead Metric

PRR 800:

- **Was approved by TAC on May 7**
- **Next step, Board to vote on May 20**

Changes:

- **Compares QSE's Day-ahead high capability of online units to a QSE's total energy schedule + A/S Obligations**
- **ERCOT ISO's impact analysis addresses cost to develop queries for use in revised Texas RE metric software**
- **Texas RE fully supports PRR 800 and believes it can be adequately monitored and enforced in its current form**

Wind Metrics Progress

- **Stakeholder progress has been made with the passage of wind-oriented Protocols and Operating Guides**
 - **Metrics are all pass/fail**
 - **Failures would result in a Complaint from the ERCOT ISO to Texas RE to investigate**
 - **Reporting to the board would be upon a violation**
 - ◆ **No Complaints have been issued yet**
- **Additional metrics are in the pipeline**
 - **PRR 800 requires an exception based report to support the monthly metric, which could be reported to the board monthly**
- **Texas RE continues to monitor progress in Renewable Technologies Working Group (RTWG)**

NERC Audit & Enforcement Highlights

- **Three (3) NERC Audits were conducted in April 2009 as scheduled**
- **Joint audit conducted with SPP and SERC regions of a registered entity common to all three regions**
- **Regions developed and are implementing a plan to jointly audit Purchasing Selling Entities (PSEs) who typically are registered in multiple regions**

2009 Spring Compliance Workshop

- **Texas RE held its Spring 2009 Compliance Workshop on May 6**
- **PUCT, NERC and FERC staff were among the speakers**
- **Excellent turnout from all registered entities, more than 125 participants onsite**
- **WebEx was also used to support remote attendance**
- **Based on the requests received for attending the workshops, larger room which seats up to 200 is needed during spring and fall sessions**
- **Feedback was very positive**

Compliance Human Resources

- **Compliance has one unfilled, budgeted 2009 opening- interviews are being conducted**