



Texas Regional Entity
Operating Reports
March 2010



Texas Regional Entity Financial Report

**Board of Directors
March 22, 2010**

February 2010 Financial Review

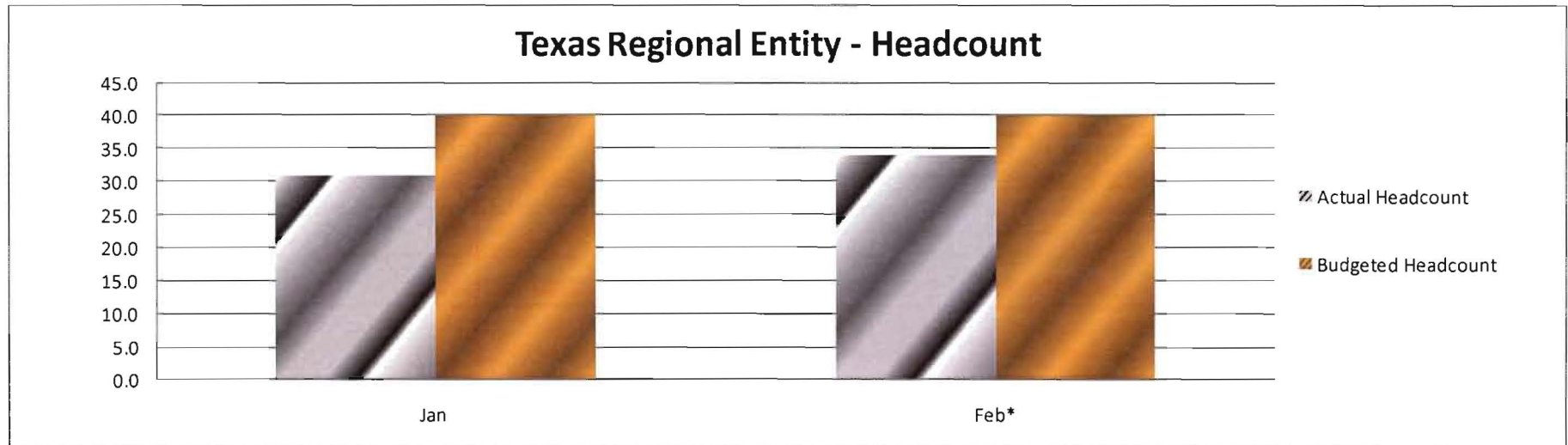
- Budget being reflected is the approved 2010 Texas RE budget including TFEs
- Texas RE has 34.0 employees on staff at present. This is less than the budget of 40.0; however it is 3.0 higher than January
- The majority of the expense variances between budget and actual is attributed to the staff vacancies.

February 2010 Workforce

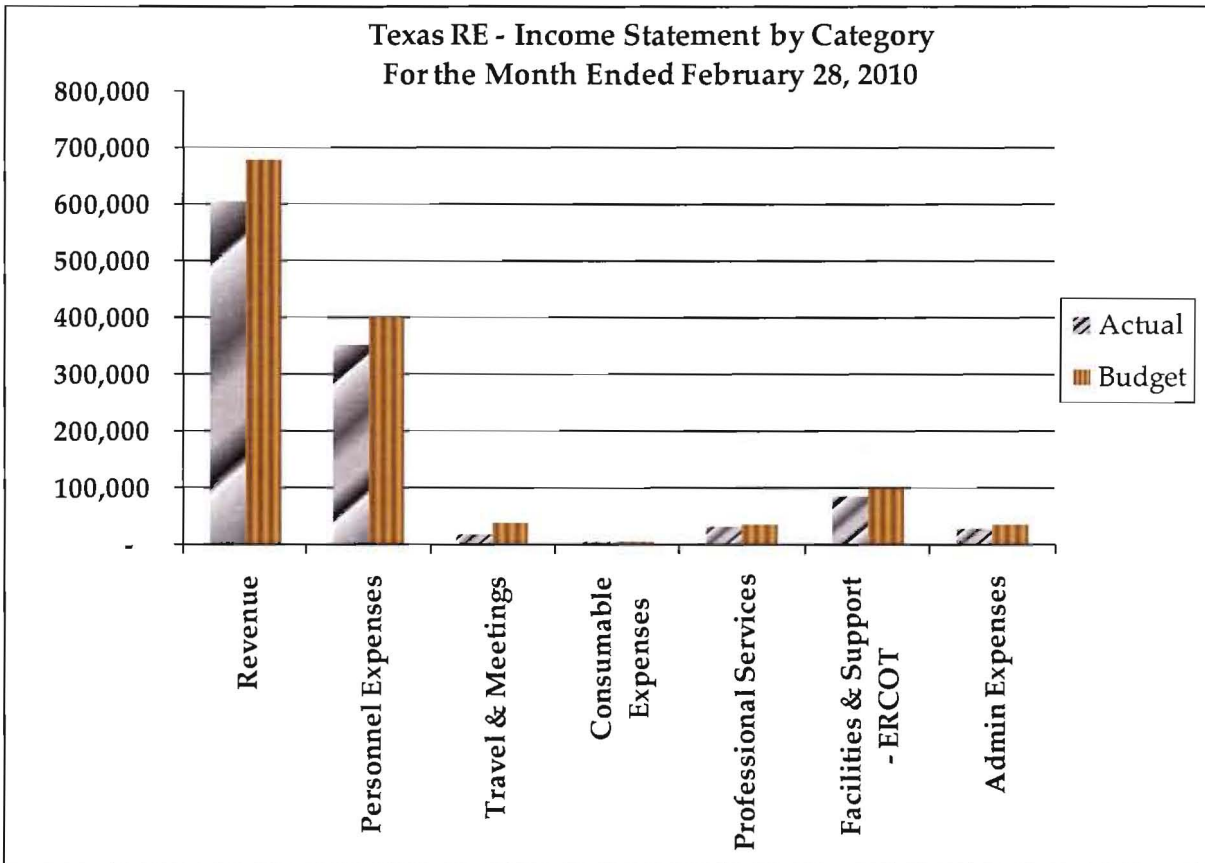
Texas Regional Entity Headcount Statutory & Non-Statutory Combined For The Month Ended February 28, 2010

	Jan	Feb*	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Headcount	31.0	34.0										
Budgeted Headcount	40.0	40.0										
Variance Under/(Over)	9.0	6.0										

* Approved 2010 headcount budget, does not include interns and consultants



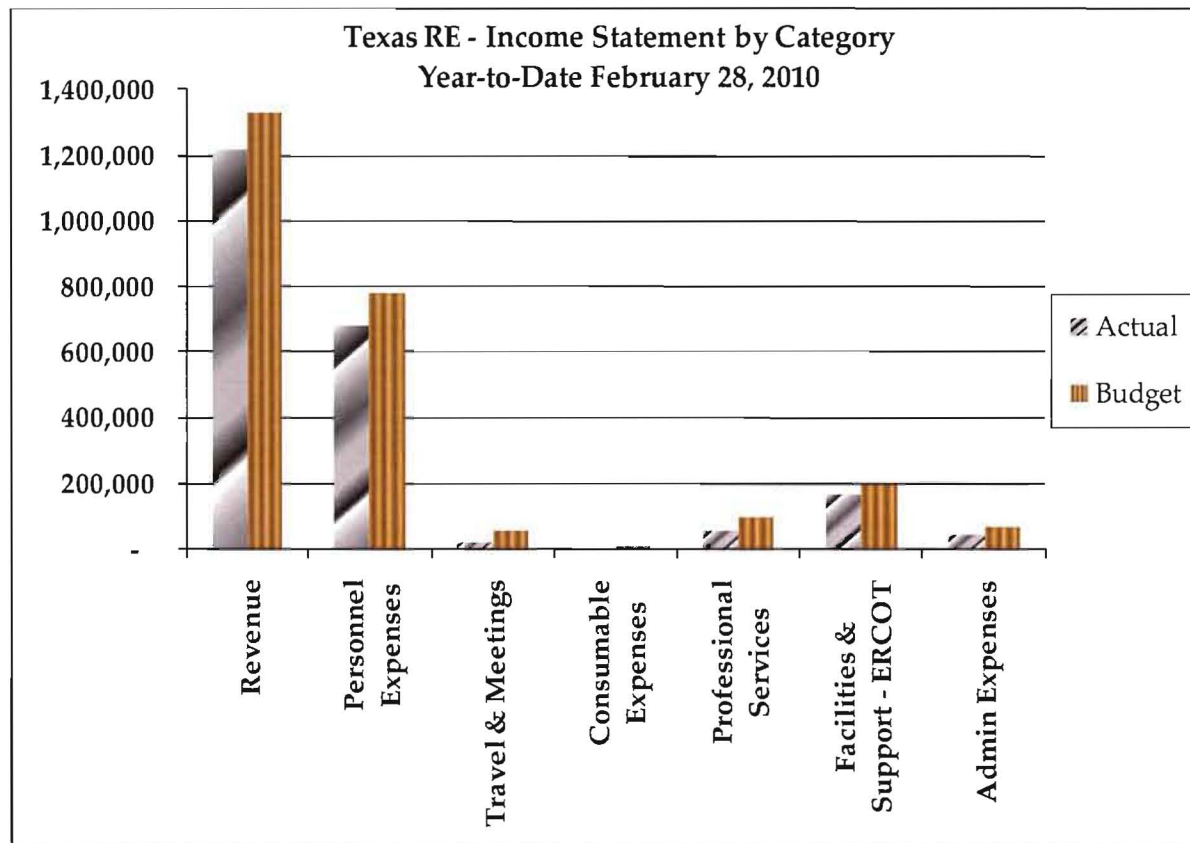
Operating Summary



February Comments

- ➔
Revenue - Is less than budget primarily due to a lower non-statutory reimbursement for services from ERCOT. Texas RE's non-statutory revenue must equal its expenses. Our non-statutory expenses in February were less than budget which resulted in our revenue being less than budget.
- ➔
Personnel Expenses - Less than plan due to personnel vacancies.
- ➔
Travel & Meetings Expenses - Less than budget due to Operations Training Seminar (OTS) expense timing.
- ➔
Consumable Expenses - Less than budget for the month due to vacancies and less utilization than budgeted.
- ➔
Professional Services - Expenses less than budget for the month, primarily due to legal expenses and other consulting.
- ➔
Facilities & Support - Expenses are less than budget due to vacancies in staff.
- ➔
Administrative Expenses - Variance is primarily driven by depreciation expense and compliance portal hosting expense.

YTD Operating Summary



YTD February Comments

- ➔ **Revenue** - Is less than budget primarily due to a lower non-statutory reimbursement for services from ERCOT. Texas RE's non-statutory revenue must equal it's expenses. Our non-statutory expenses YTD February was less than budget which resulted in our revenue being less than budget.
- ➔ **Personnel Expenses** - Lower YTD due to employee vacancies.
- ➔ **Travel & Meetings Expenses** - Less than budget due to Operations Training Seminar (OTS) expense timing.
- ➔ **Consumable Expenses** - Less than budget for the month due to vacancies and less utilization than budgeted.
- ➔ **Professional Services** - Less than plan primarily due to underspending in legal.
- ➔ **Facilities & Support** - Expenses are less than budget due to vacancies in staff.
- ➔ **Administrative Expenses** - Variance is primarily driven by depreciation expense and compliance portal hosting expense.

February 2010 Operating Summary

Texas Regional Entity
Income Statement
Statutory & Non-Statutory Consolidated
For the Period Ended February 28, 2010
Unaudited Management Report

Group Rollup	Group Rollup Name	Period to Date			Year to Date			Annual Budget
		Actual	Budget	Difference	Actual	Budget	Difference	
Revenue	1-Assessments	593,466	651,527	(58,061)	1,194,399	1,303,054	(108,654)	7,818,321
	2-Workshops	9,238	27,000	(17,762)	26,660	27,000	(340)	180,000
	3-Interest Income	11	167	(156)	21	333	(312)	2,000
Total Revenue		602,715	678,693	(75,978)	1,221,081	1,330,387	(109,306)	8,000,321
Personnel	10-Salaries	262,272	302,109	39,837	509,638	584,328	74,690	3,959,395
	11-Payroll Taxes	19,558	22,262	2,704	46,463	53,456	6,993	313,602
	12-Employee Benefits	33,870	38,553	4,683	56,593	65,110	8,517	426,891
	13-Saving and Retirement	34,195	38,923	4,728	65,603	75,476	9,873	566,178
Total Personnel		349,895	401,847	51,952	678,297	778,370	100,073	5,266,066
Travel & Meetings	20-Meetings & Training	9,298	20,000	10,702	9,298	20,000	10,702	233,600
	30-Travel	10,095	19,388	9,293	13,144	36,358	23,214	195,016
Total Travel & Meetings		19,393	39,388	19,995	22,442	56,358	33,916	428,616
Consumables	40-Office Supplies	583	1,300	718	1,273	2,750	1,477	12,700
	41-Postage & Shipping	195	815	620	586	1,630	1,044	9,780
	42-Telecommunications	603	1,080	477	1,458	2,160	702	14,040
	43-Printing & Copying	(146)	350	496	(146)	700	846	7,502
Total Consumables		1,234	3,545	2,311	3,172	7,240	4,069	44,022
Equipment & Maintenance	50-Equipment Maintenance	-	-	-	833	-	(833)	-
Professional Services & Consulting	60-Professional Services-Legal	5,240	29,166	23,926	9,427	58,332	48,906	350,000
	61-Professional Services-Auditing & Acctg Services	2,500	4,375	1,875	5,000	9,406	4,406	53,156
	62-Professional Services-Other	23,477	1,000	(22,477)	42,866	29,400	(13,466)	87,400
Total Professional Services & Consulting		31,217	34,541	3,325	57,293	97,139	39,847	490,556
Facilities & Support - ERCOT	70-Rent & Improvements	32,500	32,500	-	65,000	65,000	-	390,000
	71-Support (HR, Treas, Finance, BOD)	30,006	38,461	8,455	55,754	76,923	21,168	476,714
	72-IT/MIS Support & Services	23,109	27,905	4,796	44,272	55,810	11,538	319,680
Total Facilities & Support - ERCOT		85,615	98,866	13,251	165,026	197,732	32,706	1,186,394
Administrative	73-IT/MIS Projects, Purchases & Maint.	17,073	16,829	(245)	23,499	33,657	10,159	201,944
	74-Employee Training	70	905	835	105	2,515	2,410	25,500
	80-Depreciation Expense	10,652	15,259	4,607	21,304	30,518	9,214	183,107
	90-Miscellaneous Other	210	301	91	827	3,100	2,273	12,601
Total Administrative Expenses		28,005	33,293	5,288	45,735	69,790	24,055	423,152
Total Expenses		515,360	611,480	96,120	972,798	1,206,630	233,832	7,838,806
GAIN / (LOSS)		87,355	67,213	20,142	248,282	123,757	124,526	161,515





An Independent Division of ERCOT

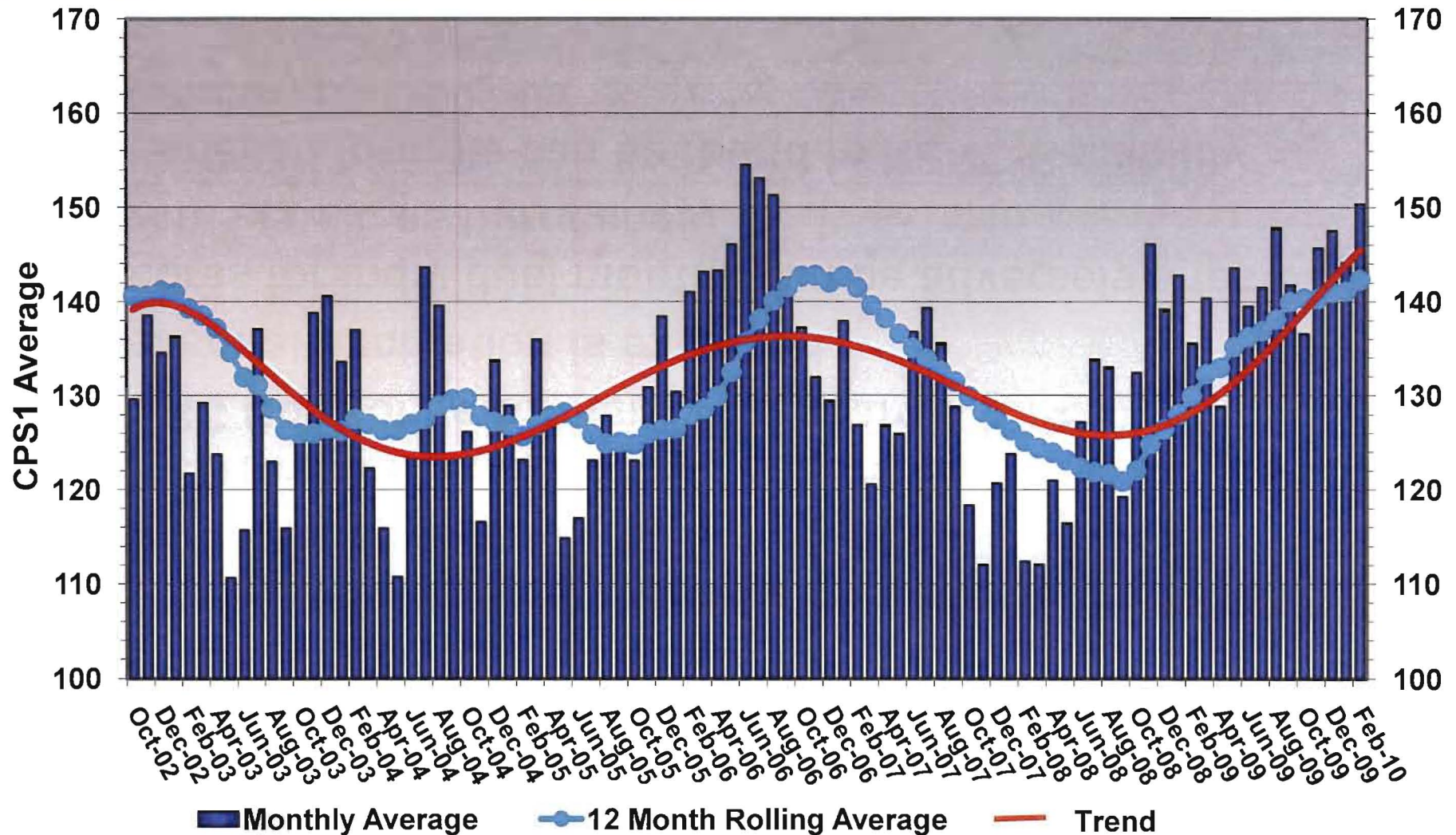
Texas Regional Entity Compliance Report

**Board of Directors
March 22, 2010**

Overview

- **February 2010 ERCOT CPS1 Monthly Performance**
- **February 2010 ERCOT SCPS2 Monthly Performance**
- **January 2010 Resource Plan Performance Metrics for Non-Wind and Wind Only QSEs**
- **2010 ERCOT Region Operations Training Seminar (OTS)**
- **Transmission Operator (TOP) CFR Agreement Update**
- **Load Serving Entity (LSE) CFR Agreement Update**

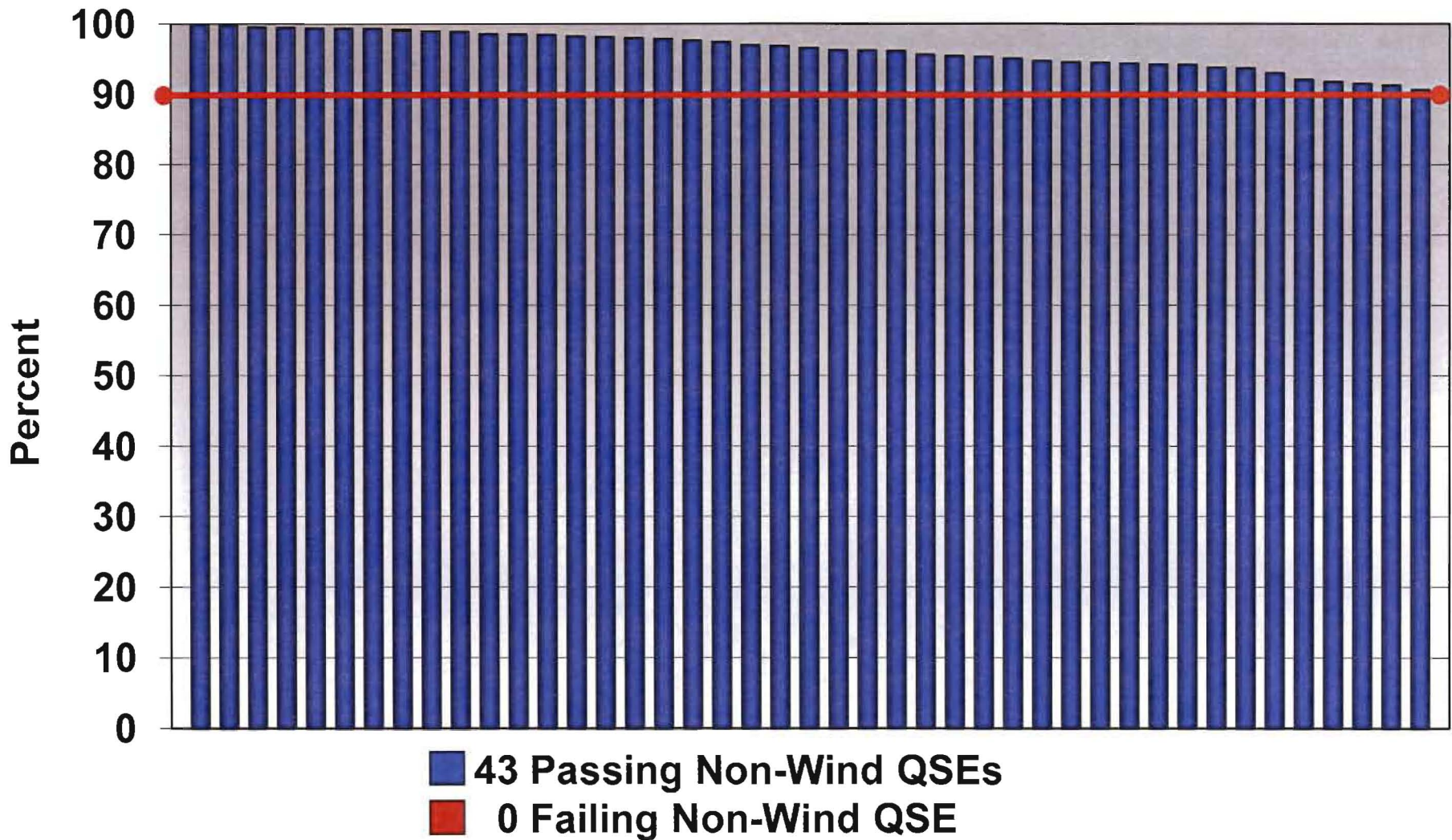
February 2010 ERCOT's CPS1 Monthly Performance



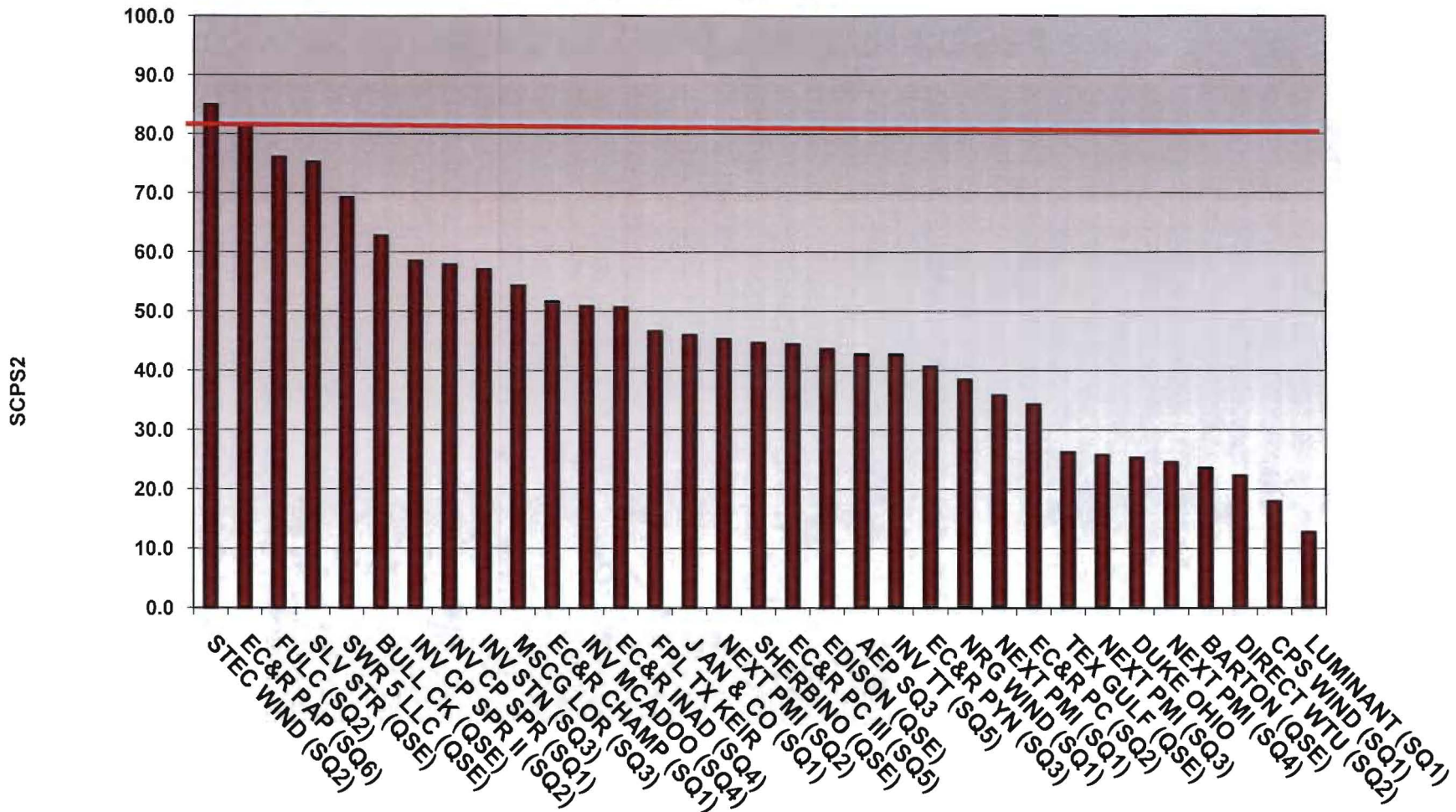
Analysis of CPS1 Monthly Performance

- **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 2010 SCPS2 Scores: Non-Wind Only QSEs



February 2010 SCPS2 Scores: Wind Only QSEs



33 Wind Only QSEs

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

	DK	DE	AP	BY	BC	AY	AM	AR	KB	BR	DF	BP	CI	AD	BJ	KE	KF	CF	ET	DA	DP	FX	IP
Resource Status Score	100	100	100	100	100	99	98	100	100	99	100	100	99	100	94	100	100	100	97	99	100	-	100
LSL HSL Pct Score	99	100	-	99	100	100	100	99	99	92	100	90	95	97	100	100	100	100	100	100	100	-	100
DA Zonal Schedule Score	100	100	100	100	100	97	100	100	99	100	100	100	100	100	99	100	100	100	-	95	93	100	100
AP Adj. Score	98	99	100	100	99	98	100	100	99	99	100	100	100	100	100	99	99	100	-	99	95	100	100
Down Bid & Obligation	98	93	100	100	100	99	100	98	91	100	99	92	100	99	99	100	95	98	-	95	100	100	100
Up AS Scheduled Obligat.	-	100	98	96	91	97	100	100	100	99	99	-	97	95	-	-	100	100	98	94	99	-	-
	BG	CQ	JZ	KH	JV	JU	KM	CX	KG	FK	HW	JD	KC	KA	JZ	IN	IZ	BX	CC	CD	AC	ID	KN
Resource Status Score	99	100	100	100	100	100	99	100	100	100	99	100	100	100	100	100	100	98	100	100	98	100	83
LSL HSL Pct Score	99	95	-	100	100	100	-	99	100	92	100	100	96	97	96	100	100	100	98	97	100	90	-
DA Zonal Schedule Score	98	100	97	100	-	-	100	100	100	100	100	100	100	100	100	100	100	98	99	100	100	100	100
AP Adj. Score	98	98	95	91	-	-	95	99	100	100	98	100	99	99	99	96	98	96	96	100	100	100	100
Down Bid & Obligation	99	95	90	-	-	-	90	95	100	98	99	95	95	98	97	97	93	94	90	100	100	97	100
Up AS Scheduled Obligat.	100	100	-	-	-	-	-	100	-	99	99	99	99	94	96	99	95	99	93	98	-	97	100

 4 Consecutive Failing Score

 3 Consecutive Failing Score

 2 Consecutive Failing Score

 1 Failing Score




Analysis of January 2009 Non-Wind QSE Resource Plan Performance Metrics

- **KN – Second time failing the “Resource Status Measure”**
 - **Reason:** Failed intervals resulted from net Tie-Line MWs at a Private Use Network being credited to a different generation unit in the QSE’s portfolio than the QSE scheduled
 - **Solution:** QSE has successfully implemented a resolution correcting the telemetry/scheduling misalignment. The issue did not recur in February 2010

January 2009 Resource Plan Performance Metrics for Wind Only QSEs

	JG	BT	JF	JS	HJ	BH	DI	JY	JM	KI	KJ	JW	JL	GR	GS	HS	BF
DA Zonal Schedule Score	100	97	100	100	99	99	100	100	100	100	100	100	98	100	100	100	100
Down Bid & Oblig. Score	100	98	94	100	100	100	99	100	100	100	100	100	100	100	100	100	100
AP Adj. Score	100	90	98	100	96	100	99	100	98	100	100	100	100	100	99	100	100
	BE	JH	JI	JN	JJ	JT	JC	IV	KL	JQ	JP	JK	JX	JE	JR	KO	
DA Zonal Schedule Score	100	100	100	100	100	100	99	100	100	100	100	100	100	100	100	100	
Down Bid & Oblig. Score	93	100	100	100	100	100	100	99	100	100	100	100	100	100	100	100	
AP Adj. Score	100	100	100	99	98	100	100	95	100	93	100	100	99	100	100	100	

 4 Consecutive Failing Scores

 3 Consecutive Failing Scores

 2 Consecutive Failing Scores

 1 Failing Score

2010 ERCOT Region Operations Training Seminar (OTS)

- **The 2010 OTS seminar is currently underway**
- **18.5 NERC Approved CEHs are available with all counting towards NERC Standards with the option for EOP's**
- **The first 2 sessions have had 180 attendees**
- **There will be over 415 attendees that have signed up for the remaining 4 sessions**
- **There are still spaces available for the remaining sessions**

NERC Transmission Operator (TOP) CFR Agreement Update

- **Texas RE staff continued work with the ERCOT ISO and thirteen (13) Transmission Owners (TOs) with Local Control Centers (LCCs) to establish their shared responsibility for the NERC Transmission Operator (TOP) function**
- **A “responsibility matrix” prepared by these entities breaks down their obligations for all applicable Reliability Standards. This matrix is the key component of the Coordinated Functional Registration (CFR) for the TOP function in the Region, currently held solely by the ERCOT ISO**
- **Texas RE received all 13 fully executed TOP CFR Agreements between ERCOT ISO and the TOs**
- **Plans for certification audits in 2010 are underway with NERC staff**

NERC Load Serving Entity (LSE) CFR Agreement Update

- **The Coordinated Functional Registration (CFR) agreements for the Load Serving Entity (LSE) function for all of the entities that will share these responsibilities have been completed**



Texas Regional Entity Standards Report

**Board of Directors
March 22, 2010**

**Item 4c -
Standards**

SAR-003 Regional Standard BAL-001-TRE

Real Power Balancing Control Performance

- **At its February 5 meeting, the RSC approved the revised draft standard for posting for a 30-day comment period to begin February 12.**
 - The comment period is open through March 13.
- **The standard drafting team hosted a technical workshop on the standard that followed the RSC meeting on March 3.**
 - Workshop participants seemed to accept the present direction and scope of the draft standard, but issues were raised regarding implementation of the Primary Frequency Response Evaluation Tool.
 - We expect the team will revise the draft standard and solicit another round of comments before posting for ballot.

Proposed SAR-008 – CIP-001-TRE-1

Sabotage Reporting

- **Proposed Regional Variance to apply CIP-001 - Sabotage Reporting, Requirements to TO and GO**
- **Fills a reliability gap left after successful completion of the LSE Registration and TOP JRO projects until NERC standard revision is completed (NERC Project 2009-01)**
- **Urgent Process recommended**
 - No standard drafting team, no formal comments
 - Must be approved by RSC, ballot pool and Texas RE BOD
 - Expedited consideration by NERC/FERC
 - Expires one year after approval
- **We plan to seek approval for this SAR from the RSC at its April meeting**

Status of SARs

- **Active SARs**

- **SAR-002** *Development and Documentation of Regional UFLS Program* – on hold pending results of NERC standard drafting team
- **SAR-003**, BAL-001-TRE-1 *Real Power Balancing Control Performance* – currently in second comment period

Status of all SARs

- **Inactive SARs**

- **SAR-001** *Provision for ERCOT to Participate and Have a Vote in TRE Process* – approved and implementation is complete
- **SAR-004** *ERCOT-Specific Sabotage Reporting to Regional Standards* – rejected by RSC in 2008
- **SAR-005, SAR-006, SAR-007** *Removing LSE Applicability from MOD-017 – MOD-021, EOP-002* – not needed due to completion of joint registration agreement

NERC Standards Violations

	Entity	Violation Date	Violation Status	Category	VSL	VRF	Mitigation Plan Status	Next Step(s) Needed	Deadline for Finishing Next Step(s)	Texas RE Assessment of Reliability Impact
1	T	10/20/2008	Alleged	Technical	H	M	Completed*	Settlement Agreement (NERC)		Large
2	T	10/20/2008	Alleged	Technical	H	M	Completed*	Settlement Agreement (NERC)		Large
3	T	10/20/2008	Alleged	Technical	H	M	Completed*	Settlement Agreement (NERC)		Large
4	T	10/20/2008	Alleged	Technical	S	H	Completed*	Settlement Agreement (NERC)		Large
5	T	10/20/2008	Alleged	Technical	H	H	Completed*	Settlement Agreement (NERC)		Large
6	F	3/21/2008	Preliminary	Technical	S	H	Completed*	NERC Settlement Approval		Medium
7	T	10/10/2008	Alleged	Technical	H	M	Submitted*	Settlement Agreement (NERC)		Medium
8	W	11/17/2008	Preliminary	Technical	S	H	Completed*	Settlement Agreement	4/9/2010	Medium
9	Q	9/22/2008	Alleged	Technical	S	H	Completed	Settlement Agreement	4/16/2010	Small
10	U	9/24/2008	Alleged	Technical	S	H	Completed*	Settlement Agreement	4/19/2010	Small
11	F	10/10/2008	Preliminary	Technical	M	H	Approval (by NERC)*	Settlement Agreement	3/22/2010	Small
12	V	11/3/2008	Alleged	Technical	S	H	Submitted	Approval (by NERC)	4/5/2010	Small
13	V	11/3/2008	Alleged	Technical	S	M	Submitted	Approval (by NERC)	4/6/2010	Small
14	AC	6/2/2009	Preliminary	Technical	TBD	H	Approval (by NERC)	NAVAPS	4/1/2010	Small
15	AC	6/2/2009	Preliminary	Technical	TBD	H	Approval (by NERC)	NAVAPS	4/1/2010	Small
16	F	6/8/2009	Preliminary	Technical	TBD	H	Approval (by NERC)	Settlement Agreement	3/22/2010	Small
17	A	10/3/2007	Confirmed	Admin	S	L	Completed	Notice of Confirmed Violation	3/26/2010	Minimal
18	A	10/3/2007	Confirmed	Admin	S	L	Completed	Notice of Confirmed Violation	3/26/2010	Minimal
19	A	10/3/2007	Confirmed	Admin	S	L	Completed	Notice of Confirmed Violation	3/26/2010	Minimal
20	A	10/3/2007	Confirmed	Admin	S	M	Dismissed	N/A	N/A	Minimal

	Entity	Violation Date	Violation Status	Category	VSL	VRF	Mitigation Plan Status	Next Step(s) Needed	Deadline for Finishing Next Step(s)	Texas RE Assessment of Reliability Impact
21	A	10/3/2007	Confirmed	Admin	S	M	Dismissed	N/A	N/A	Minimal
22	A	10/3/2007	Confirmed	Technical	L	H	Approved, Completed	N/A	N/A	Minimal
23	C	1/23/2008	Confirmed	Admin	L	M	Completed & Verified	N/A	N/A	Minimal
24	C	1/23/2008	Confirmed	Admin	H	M	Completed & Verified	N/A	N/A	Minimal
25	D	2/15/2008	Confirmed	Technical	S	H	Completed & Verified	N/A	N/A	Minimal
26	D	2/15/2008	Confirmed	Technical	S	H	Completed & Verified	N/A	N/A	Minimal
27	D	2/15/2008	Confirmed	Technical	S	M	Completed & Verified	N/A	N/A	Minimal
28	D	2/15/2008	Confirmed	Technical	S	M	Completed & Verified	N/A	N/A	Minimal
29	D	2/15/2008	Confirmed	Technical	S	M	Completed & Verified	N/A	N/A	Minimal
30	D	2/15/2008	Confirmed	Admin	L	M	Completed & Verified	N/A	N/A	Minimal
31	D	2/15/2008	Confirmed	Admin	L	M	Completed & Verified	N/A	N/A	Minimal
32	D	2/15/2008	Confirmed	Admin	H	M	Completed & Verified	N/A	N/A	Minimal
33	D	2/15/2008	Confirmed	Admin	L	M	Completed & Verified	N/A	N/A	Minimal
34	D	2/15/2008	Confirmed	Admin	S	M	Completed & Verified	N/A	N/A	Minimal
35	D	2/15/2008	Confirmed	Admin	S	L	Completed & Verified	N/A	N/A	Minimal
36	E	3/5/2008	Confirmed	Admin	M	L	Completed & Verified	N/A	N/A	Minimal
37	E	3/5/2008	Confirmed	Admin	M	M	Completed & Verified	N/A	N/A	Minimal
38	T	10/20/2008	Alleged	Technical	L	M	Completed*	Settlement Agreement (NERC)		Minimal
39	T	10/20/2008	Alleged	Technical	S	H	Completed*	Settlement Agreement (NERC)		Minimal
40	T	10/20/2008	Alleged	Technical	L	M	Approval (by NERC)	Dismissed	N/A	Minimal
41	T	10/20/2008	Alleged	Technical	S	L	Approval (by NERC)	Dismissed	N/A	Minimal

	Entity	Violation Date	Violation Status	Category	VSL	VRF	Mitigation Plan Status	Next Step(s) Needed	Deadline for Finishing Next Step(s)	Texas RE Assessment of Reliability Impact
42	T	10/20/2008	Alleged	Technical	M	M	Approval (by NERC)	Dismissed	N/A	Minimal
43	F	11/18/2008	Preliminary	Technical	TBD	M	Completed*	Settlement Agreement	3/22/2010	Minimal
44	F	11/18/2008	Preliminary	Technical	S	M	Completed*	Settlement Agreement	3/23/2010	Minimal
45	Z	12/18/2008	Preliminary	Technical	TBD	H	Approval (by NERC)	NAVAPS	4/26/2010	Minimal
46	F	2/10/2009	Preliminary	N/A	N/A	N/A	N/A	Dismissed	N/A	N/A
47	F	6/8/2009	Preliminary	Technical	TBD	M	Approval (by NERC)*	Settlement Agreement	3/22/2010	Minimal
48	T	8/25/2009	Preliminary	TBD	TBD	TBD	Completed*	Settlement Agreement		Minimal
49	T	8/25/2009	Preliminary	TBD	TBD	TBD	Completed*	Settlement Agreement		Minimal
50	AC	6/2/2009	Preliminary	Technical	TBD	M	Approval (by NERC)	NAVAPS	4/1/2010	Minimal
51	AD	8/20/2009	Preliminary	Technical	TBD	M	Not Submitted	NAVAPS	4/30/2010	Minimal
52	AE	8/20/2009	Preliminary	Technical	TBD	M	Not Submitted	NAVAPS	4/30/2010	Minimal
53	AF	8/20/2009	Preliminary	Technical	TBD	M	Not Submitted	NAVAPS	4/30/2010	Minimal
54	AG	8/20/2009	Preliminary	Technical	TBD	M	Not Submitted	NAVAPS	4/30/2010	Minimal
55	AH	8/20/2009	Preliminary	Technical	TBD	M	Not Submitted	NAVAPS	4/30/2010	Minimal
56	AI	11/11/2009	Preliminary	Technical	TBD	H	Submitted	Settlement Agreement	4/30/2010	Minimal
57	AJ	12/17/2009	Preliminary	Technical	TBD	H	Not Submitted	NAVAPS	3/31/2010	Minimal
58	AK	2/24/2010	Preliminary	Technical	TBD	H	Not Submitted	NAVAPS	4/30/2010	Minimal
59	AL	2/24/2010	Preliminary	Technical	TBD	M	Submitted	NAVAPS	4/30/2010	Minimal
60	AM	2/24/2010	Preliminary	Technical	TBD	M	Not Submitted	NAVAPS	4/30/2010	Medium

Legend:

Violation Status – Preliminary, Alleged, Confirmed

Discovery Method – Compliance Audit, Readiness Audit, Investigation, Self-Reported, Spot Check, Self-Certification, Data Submittal, Complaint

Category – Technical, Training, Administrative

Entity	Violation Date	Violation Status	Category	VSL	VRF	Mitigation Plan Status	Next Step(s) Needed	Deadline for Finishing Next Step(s)	Texas RE Assessment of Reliability Impact
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Violation Severity Level (VSL) – Lower (L), Moderate (M), High (H), Severe (S)

Violation Risk Factor – High (H), Medium (M), Lower (L)

Mitigation Plan Status – Not Submitted, Submitted, Approval (by NERC), (After Approval - On Schedule, Behind Schedule, Extension Requested, Completed)

NAVAPS = Notice of Alleged Violation and Proposed Penalty or Sanction

Assessment of Reliability Impact - Minimal, Small, Medium, Large, Immense

- Assessment of Reliability Impact Considers:
- Time horizon (real-time issues versus planning issues)
 - Size of the entity (assets and facilities);
 - Category of violation (technical versus documentation)
 - Potential effect of violation
 - Actual effect of violation

Status Change = Highlighted in Gray

* *Entity is in settlement discussions* * *Next step is dependent on entity*