

Texas Regional Entity Advisory Committee Meeting

Room 206, 7620 Metro Center Drive, Austin, Texas

March 22, 2010 at 10:00 a.m.**

Item	Topic	Presenter	Time**
1.	Call to Order		10:00 a.m.
2.	Approval of January 18 2010 Minutes* (Vote)	Chair	10:05 a.m.
3.	Texas Regional Entity Administrative Update	L. Grimm	10:10 a.m.
4.	Finance & Audit Issues	M. Espinosa	10:20 a.m.
	A. Financial Report (Q&A)*	T. Brewer	
5.	Human Resources & Governance Issues	Chair	10:40 a.m.
	A. Update Separation Plan Status*	L. Grimm S. Vincent	10:40 a.m.
	B. Recommend Board of Directors Code of Conduct* (Vote)	S. Vincent	10:50 a.m.
	C. Discuss 2011 Goals*	L. Grimm	11:00 a.m.
6.	Other Business	Chair	11:10 a.m.
7.	Future Agenda Items*	Chair	11:12 a.m.
Convene Executive Session			
8.	Executive Session	Chair	11:15 a.m.
	A. Approval of January 18, 2010 Minutes * (Vote)	Chair	11:15 a.m.
	B. Discussion of Privileged, Contract, Governance, Ethics, Personnel, Compliance, or Legal Matters*	Chair	11:20 a.m.
	C. Review and recommend CEO/CCO employment and terms* (Vote)	Chair	11:25 a.m.
Reconvene Open Session (if needed)			
9.	Vote on Matters from Executive Session, if applicable (Vote)	Chair	11:55 a.m.
Adjourn Committee Meeting		Chair	12:00 p.m.

* Background material enclosed or will be distributed prior to or at meeting.

** All times shown in the Agenda are approximate.

The next Texas RE Advisory Committee Meeting will be held on April 19, 2010

DRAFT MINUTES OF THE

TEXAS REGIONAL ENTITY ADVISORY COMMITTEE

Room 206, Met Center, 7620 Metro Center Drive, Austin, Texas 78744

January 18, 2010

Committee Members

Michehl R. Gent, Chair		Unaffiliated
A.D. Patton, Vice Chair		Unaffiliated
Barry T. Smitherman	Chairman, Public Utility Commission of Texas	
Miguel Espinosa		Unaffiliated
Sheri Givens	Office of Public Utility Counsel	Residential Small Consumer
Jan Newton		Unaffiliated

Other Directors and Segment Alternates

Calvin Crowder	American Electric Power Service	Investor Owned Utility
Nick Fehrenbach	City of Dallas	Commercial Consumer
Bob Helton	International Power America	Independent Generator
Clifton Karnei	Brazos Electric Cooperative	Cooperative

Other Attendees

Larry Grimm, Texas RE CEO and CCO
Susan Vincent, Texas RE Director, Legal Affairs
Victor Barry, Texas RE Director, Compliance
Jeff Whitmer, Texas RE Manager, Compliance Enforcement (via telephone)
Derrick Davis, Texas RE Corporate Counsel
Todd Brewer, Texas RE Senior Financial Analyst
Don Jones, Texas RE Manager, Standards Coordinator
Sarah Hensley, Texas RE Standards Coordinator
Jennifer Taylor, Texas RE Senior Paralegal
Bridget Headrick, Public Utility Commission of Texas
Nancy Capezzuti, ERCOT ISO, CAO
Chuck Manning, ERCOT ISO, CCO
DeAnn Walker, CenterPoint Energy
Liz Jones, Oncor
Kip Fox, AEP

Call to Order

Pursuant to notice duly given, the meeting of the Texas Regional Entity ("Texas RE") Advisory Committee ("Committee") convened on January 18, 2010. Larry Grimm reviewed the Antitrust Admonition with the Committee, ascertained a quorum was present, and called the open session of the meeting to order at approximately 8:05 a.m.

Approval of Chair and Vice Chair

Jan Newton made a motion to nominate Michehl Gent as Chair and A.D. Patton as Vice Chair of the Committee. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote.

In response to Chair Gent's question about why three meetings were scheduled and an explanation of the expected outcomes of each meeting, Ms. Vincent replied that the regular Texas RE Board of Directors (Board) and Committee meetings were being held as usual, and, in addition, the new Texas Reliability Entity, Inc. Board of Directors would meet immediately following to hold its first formation board meeting. Ms. Vincent also explained that the new Texas Reliability Entity, Inc. Board had many things to approve in January as a formation board, but the new board would not perform any compliance-related duties until the delegation agreement for Texas Reliability Entity, Inc. was approved by the Federal Energy Regulatory Commission (FERC). Ms. Vincent said that she expected the Texas Reliability Entity Inc. Board would not meet again until May or June. In response to Chairman Barry Smitherman's question about who were the directors for the new board, Ms. Vincent responded that Larry Grimm; Jan Newton; Miguel Espinosa; Michehl Gent; Sheri Givens, Office of Public Counsel (OPUC) and Chairman Smitherman, Public Utility Commission (PUC) Chair would comprise the board until new Independent Directors were approved and the two stakeholder directors were elected by the Member Representatives Committee. Ms. Vincent provided an overview of the steps for implementing new directors and explained that the three formation directors from the current Texas RE Board would only be on the Board until the new Independent and stakeholder directors were approved, which may happen by the end of May.

In response to questions by Chair Gent and Mr. Espinosa, asking if any legal action or resolution was required to retire the Texas Regional Entity Board, Ms. Vincent stated that she would get with Mike Grable (since the Texas RE Division of ERCOT ISO would be removed by the ERCOT Bylaws Amendment) and they would have an agreed solution before the implementation.

Approval of Previous Minutes

Susan Vincent noted two corrections to the December 14, 2009 minutes: Removal of a second "that" from the fourth paragraph on page 2 and correction of Michehl Gent's name on page 5. Miguel Espinosa made a motion to approve the minutes with these changes; Jan Newton seconded the motion. The motion passed by unanimous voice vote.

In response to Mr. Espinosa's questions about whether the Ernst & Young auditors will provide financial audit services for the new Texas RE, Mr. Brewer advised that Ernst & Young would be used for the 2009 audit and the 2010 legacy Texas Regional Entity audit, but he explained that the new Texas Reliability Entity, Inc. would need to separately procure audit services for its 2010 financial statement audit.

Chairman Smitherman commented on the detailed nature of Texas RE minutes and discussed the new broadcast legislation recently enacted. Chairman Smitherman noted that ERCOT ISO has reduced its board minutes because the meetings are broadcast and available on the web. He also noted that he believed the Committee does not have to comply with the broadcast legislation. Ms. Vincent agreed and said that she would like to find a way to post the audio of

each meeting in the future.

Texas RE Administrative Update

Larry Grimm reported to the Committee that Don Jones was hired as Manager, Reliability Standards. Mr. Grimm noted Mr. Jones has over 25 years of experience and has both a B.S. in Electrical Engineering and a law degree. Mr. Jones served as an advisor to Commissioner Parsley and has been actively involved in the ERCOT electric power market and stakeholder activities for several years.

Mr. Grimm provided the Committee with an overview of the Federal Energy Regulatory Commission (FERC) Order issued January 8, 2010 regarding Texas RE's audit. There were a total of four areas of concern, three of which will be resolved through Texas RE's legal separation of activities from ERCOT ISO. The fourth area of concern will be addressed when Texas RE hires an additional engineer to perform more thorough reviews of ERCOT's regional reliability assessments before submission to North American Electric Reliability Corporation (NERC). Mr. Grimm informed the Committee that a new engineer has recently accepted that position. Mr. Grimm stated that he is pleased with the audit results.

Financial Report (Q&A)

Mr. Espinosa expressed concern about a budget surplus of 25% for an entity the size of Texas RE. Ms. Vincent noted that \$100,000 of the positive variance was because no contested cases were prosecuted in 2009.

Mr. Brewer said that Mr. Espinosa's 25% figure also included the cash reserves that Texas RE was required to maintain. He explained that because Texas RE used a NERC modeling template for the 2009 budget and the NERC modeling is different than Generally Accepted Accounting Principles (GAAP), cash reserves were treated as non-operating expenses. Mr. Brewer noted that Texas RE had underspent the budget by \$400,000, but those funds would be used to offset the 2010 budget. He explained that the \$400,000 variance consisted of personnel vacancy of approximately \$285,000 and professional services (anticipated for contested enforcement or registration cases) of about \$100,000.

Chairman Smitherman said he agreed with Mr. Espinosa that the positive variance was a concern, but he noted that Texas RE is still a relatively new organization and, as such, it is challenging for Texas RE to project their budget accurately. Chairman Smitherman stated that he hoped the 2010 budget would be closer to the actual expenses.

Chair Gent and the Committee members discussed NERC's fee of \$119,000 (2009 expenses) for the ERCOT ISO audit. Mr. Grimm explained to the Committee that NERC must lead this audit because of Texas RE's affiliation to ERCOT ISO and once Texas RE is a separate corporation from ERCOT ISO, NERC will not need to lead further ERCOT ISO audits. If NERC participates in future audits, it would be an expense not billed to the regional entity. Mr. Grimm said that he understands the Committee's concern with the budget to actual difference for 2009 but that the regional entities are still relatively new creations and Texas RE staff would sharpen their pencils when they prepare the 2011 budget.

Human Resources & Governance Issues

Chair Gent directed the Committee's attention to the Texas RE's performance against goals for open comment and discussion but stated that these would also be discussed in the executive session. Dr. Patton noted it is comforting to see the goals are nearly 100% met, but on the other hand he questioned if the goals were properly drawn in the first place since they were

almost all met.

Chairman Smitherman wanted to know how the Key Performance Indicators (KPIs) percentages, status and the scores were determined. Mr. Grimm reported to the Committee that he collects the data throughout the year and monitors the progress of the KPIs and goals established as a percentage of the result. In response to Chairman Smitherman's question about whether the purpose of the KPIs was for compensation or to see how the organization is performing, Mr. Grimm relayed that the KPIs were used for both compensation and also to see how the organization performed, i.e. the performance of the managers and the adequacy of the staff.

Ms. Newton commented that Texas RE performs a critical function and she is pleased with the level and caliber of work it has performed in the short time of its existence. She suggested Texas RE come up with some stretch goals for the 2010 KPIs so that Texas RE can lead the country and be head of its class. Mr. Grimm informed the Committee he would work on suggested stretch goals. The Committee generally discussed adding goals to ensure needed reliability is met, since, as Dr. Patton noted, the real issue is for Texas RE to monitor ERCOT system reliability and to make sure things keep working right.

Chair Gent commented that he wanted the Committee to be informed when things go right, i.e. no outages. Ms. Newton suggested adding more regional standards for reliability. Mr. Grimm noted the new Manager, Reliability Standards is going to review reliability standards to look at whether regional standards need to be developed in the ERCOT region.

Chair Gent stated that the Committee likes to receive the Separation Plan status updates and asked that Texas RE continue to update the Separation Plan and distribute it to the Committee.

In response to Chair Gent's question, Ms. Vincent confirmed that the Committee would no longer meet once the new Texas Reliability Entity, Inc. Board took over under an amended delegation agreement.

Adjournment

Chair Gent adjourned the Committee into executive session at approximately 8:45 a.m.

No further business was conducted in open session.



Texas Regional Entity Web Metrics Report Advisory Committee March 22, 2010

Public Web Site Weekly Activity – December 8, 2009, to March 1, 2010

Visitors to TexasRE.org

**February 2-
March 1**



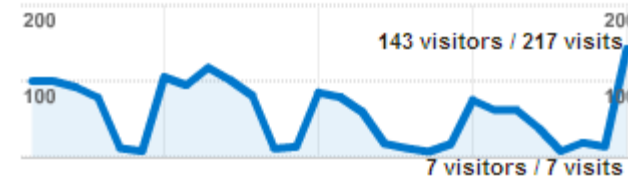
- 1,811 visitors
- 4,236 visits
- 14,728 page views

**January 5-
February 1**



- 1,946 visitors
- 4,806 visits
- 17,284 page views

**December 8-
January 4**



- 1,116 visitors
- 2,593 visits
- 9,985 page views

Note: TexasRE.org statistics compiled in four-week cycles



Noteworthy Public Web Site Activity

- **Texas RE Membership Application – January 13 Announcement**
- **Texas RE Bylaws, Texas RE Delegation Agreement, and 2010 Business Plan and Budget (published in About Us) – January-February**
- **Operations Training Seminar (published in Training) – January 18 Start of Classes**

Secure Portal Weekly Activity – December 8, 2009, to March 1, 2010

February 2- March 1

Visitors to Portal



- 245 visitors
- 765 visits
- 10,755 page views (login page)

January 5- February 1



- 445 visitors
- 2,018 visits
- 29,938 page views

December 8- January 4



- 172 visitors
- 459 visits
- 3,000 page views

Note:
Portal.TexasRE.org
statistics compiled in
four-week cycles



Noteworthy Secure Portal Activity

- **Critical Infrastructure Protection (CIP) NERC Reliability Standards 002-009 Self-Certification Period – February 1 Deadline**
- **Technical Feasibility Exception (TFE) Request Submissions – January 31 Deadline**

Definitions

- **Public Web site URL:** <http://www.texasre.org>
- **Secure Portal URL:** <https://portal.texasre.org>
(NERC registered entity permissions required for login)
- **Unique visitors** – How many people came to the site
- **Visits** – The number of visits the site receives (from both repeat and return visitors)
- **Page views** – The total number of pages viewed on the site
 - Note: Portal metrics include page views of login page only



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.**

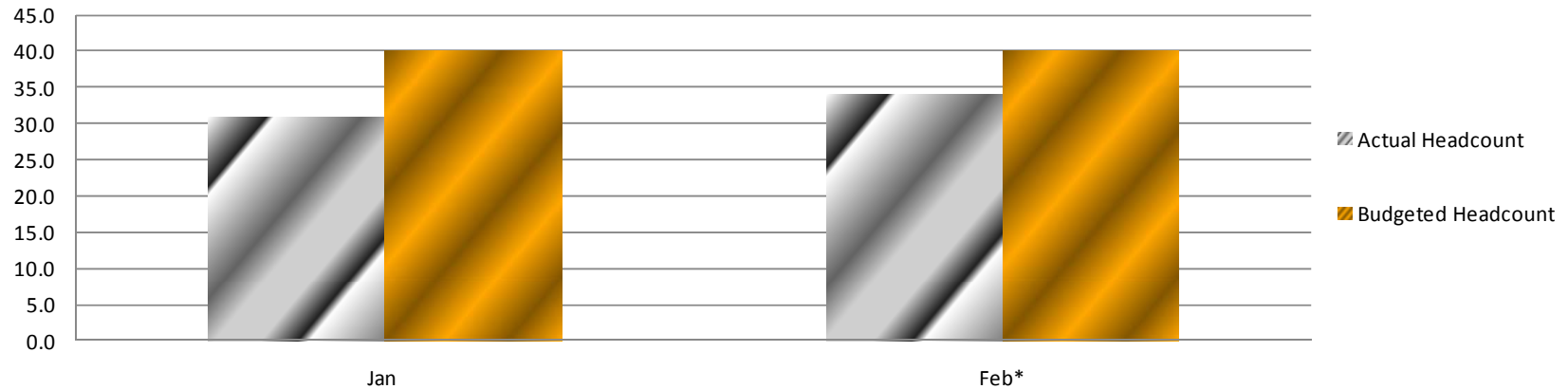
February 2010 Workforce

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

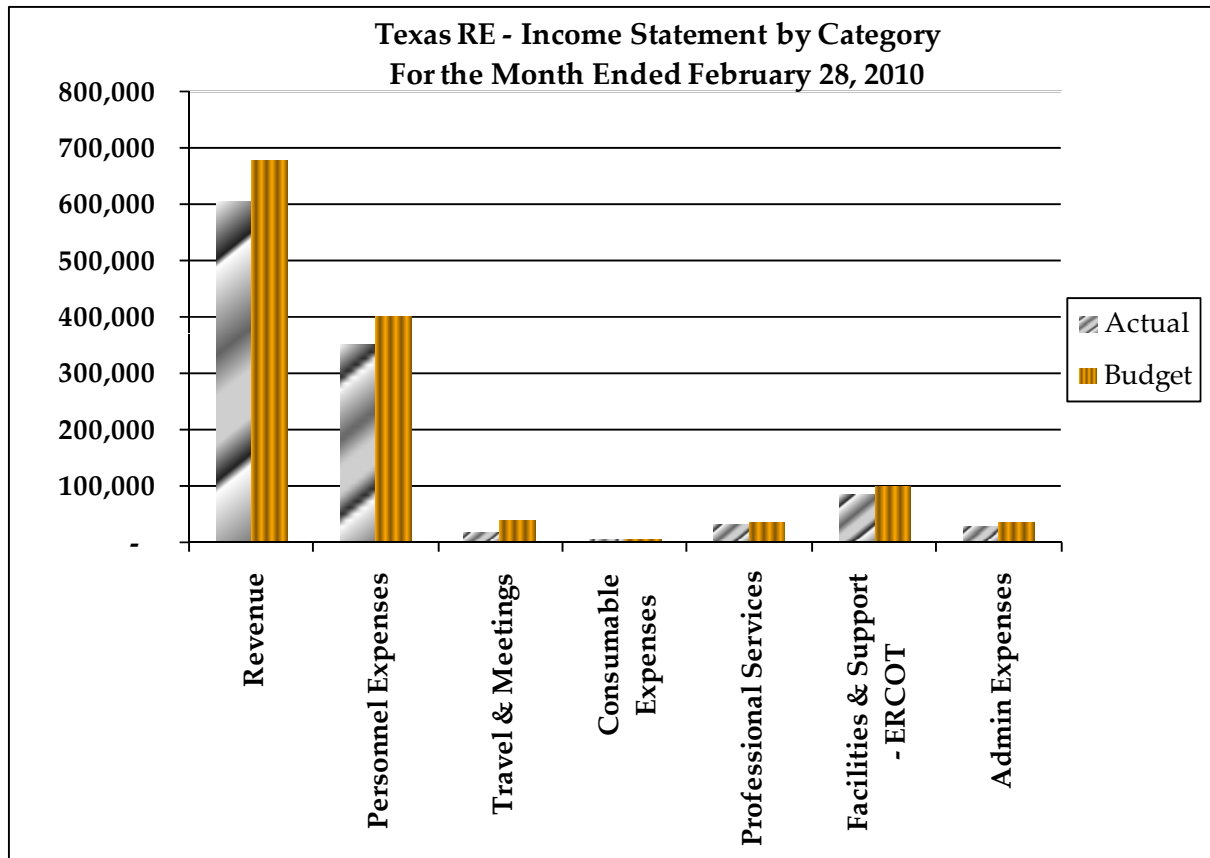
	Jan	Feb*	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Actual Headcount	31.0	34.0										
Budgeted Headcount	40.0	40.0										
Variance Under/(Over)	9.0	6.0										

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

Texas Regional Entity - Headcount



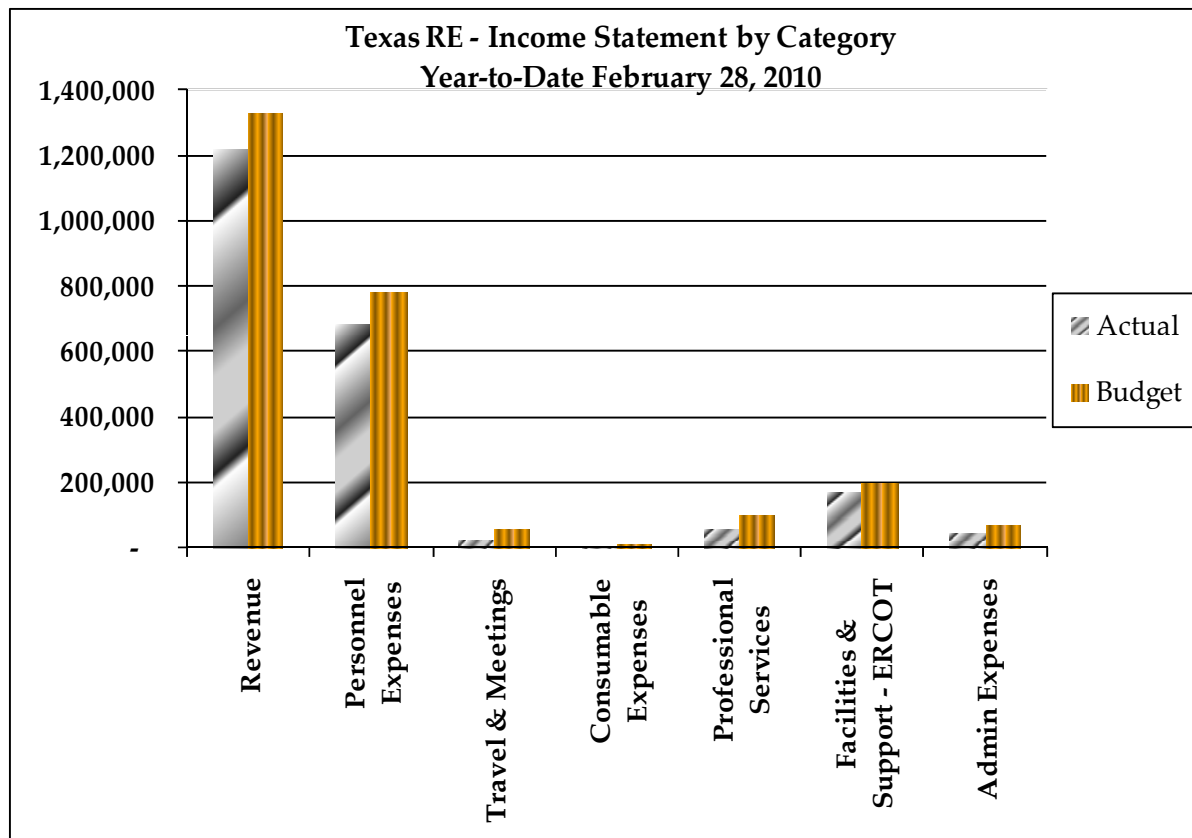
Operating Summary



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 its 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



Proposed Separation Plan [March 10, 2010]

Topic	Issue	Details	Tentative	Complete
A. Initial Governance Decisions				
1.	Legal separation from ERCOT	Texas RE Board decision	6/15/09	10/19/2009
2.	Board Composition	<ul style="list-style-type: none"> 4 independent directors & Texas RE CEO PUCT Chair and OPUC Public Counsel (ex officio non-voting) 2 Affiliated (MRC chair & vice chair) 	8/17/09	10/19/2009
3.	Membership Sectors	<ul style="list-style-type: none"> Transmission Generation System Coordination LSE/PSE Municipal Utility Cooperative Utility 	8/17/09	10/19/2009
4.	Corporate name & Non-profit status	Texas Regional Entity 501(c)(3)	11/1/2009	10/19/2009
B. Prepare for governance and legal changes				
1.	Bylaws	Draft and obtain comments on 1 st draft	7/20/09 to 8/17/09	√
2.		Review comments on revised 2 nd draft	8/20/09 to 9/14/09	√
3.		Review Comments on 3 rd draft	10/19/2009	√
4.		Board Vote on bylaws draft (for submission to FERC as pre-filing)	10/19/2009	√
5.		Confirm "straw" membership acceptance (have pre-formation meeting to confirm intended membership sectors will approve proposed Bylaws prior to submission of pre-filing to FERC)	November 24, 2009	√
6.		Form new corporation to allow for membership vote approving bylaws	January 2010	January 1, 2010
7.		Confirm with formal membership vote prior to filing with NERC Board of Trustees	February 2010	February 5, 2010
8.	Delegation Agreement	Prepare delegation agreement modifications, per new bylaws – send out for comments	10/30/09	Approved by Texas Reliability Board – January 18, 2010
9.	Obtain input from regulators	<ul style="list-style-type: none"> PUCT (Executive Director, Chairman, Legal counsel) 	On-going	
10.		<ul style="list-style-type: none"> NERC 	On-going	Approved by NERC Board February 16, 2010
11.		<ul style="list-style-type: none"> FERC (OER, OE, GC, Commissioners) 	6/10/2009	December 7, 2009 Pre-filing; February 19, 2010 filed

12.	Determine Director Competencies	The Board as an entirety shall have familiarity with regional system operation issues in the ERCOT Region and reflect expertise in: <ul style="list-style-type: none"> • Technical electric operations and reliability • Legal and/or senior corporate leadership • Financial and risk management • Regulatory matters 	In the Bylaws	√
13.	Find Directors	Retain search firm or otherwise source	February 1, 2010	
14.	Educate Directors	Prepare training materials and schedule meetings for training sessions	February 2010 – July 1, 2010	
C. Prepare for Separate Operations				
1.	Texas RE policies and procedures	Develop and adopt any needed additions	On-going	May 2010
	Protocol Compliance	Enter contract with PUC for 2010 Transition Protocol compliance files and activities with PUCT <ul style="list-style-type: none"> • Send current procedures to PUC (done) • Continue to perform Protocol compliance work through end of 2010 • Work with PUCT staff to assist with its transition plan • Provide training for and transition files to new compliance entity 	May 2010 Transition on-going through 12/31/2010	12/31/2010
2.	ERCOT IT, telecom, and security equipment and services	Transition <ul style="list-style-type: none"> • Information Technology • Telecom • Physical and Cyber Security 	On-going	~May 2010
3.	ERCOT non-IT, telecom, or security equipment and other administrative services	Transition <ul style="list-style-type: none"> • Human Resources and Benefits • Facilities • Finance (accounting, treasury, etc.) 		Implementation Date July 1, 2010
4.	Transition contracts	Assign contracts for services, equipment, software, etc. to New Texas RE	Early 2010	Implementation Date July 1, 2010

Date: March 12, 2010
To: Texas Regional Entity Advisory Committee
From: Susan Vincent, Director, Legal Affairs
Subject: Approval of Texas Regional Entity Board of Director Code of Conduct

Texas Regional Entity Advisory Committee Meeting Date: March 22, 2010

Agenda Item No.: 5b

Issue:

Review and recommend approval by the Board of Directors of the Texas Regional Entity (Texas RE) Board of Director Code of Conduct.

Background/History:

Since its inception, the Texas RE Board of Directors (Board) has operated under the Electric Reliability Council of Texas, Inc. (ERCOT) Board of Director Code of Conduct. Because Texas RE is an independent division of ERCOT, the Texas RE Advisory Committee should consider recommending that the Board adopt a Texas RE Board of Director Code of Conduct, to document and affirm each Director's:

- Commitment to uphold the Director's fiduciary duties of care, loyalty, compliance with applicable laws, and confidentiality;
- Obligation to avoid any apparent or actual conflict of interest; and
- Obligation to vote in a manner he or she believes is in the best interest of Texas RE.

Texas RE staff requests that the Texas RE Advisory Committee recommend that the Board approve the Texas RE Director Code of Conduct which is attached hereto as Exhibit A.

Key Factors Influencing Issue:

- The Texas RE Board operates independently of the ERCOT Board, and as such, the Board seeks to document its Directors' independent fiduciary duties and obligations
-

Alternatives:

- Recommend the Board accept the Texas RE Director Code of Conduct.
 - Recommend modifications to the Texas RE Director Code of Conduct.
 - Take no action.
-

Conclusion/Recommendation:

Texas RE staff respectfully requests the Advisory Committee recommend the Board approve the Texas RE Director Code of Conduct as attached as Exhibit A or as otherwise modified by the Advisory Committee.

TEXAS RE BOARD OF DIRECTOR CODE OF CONDUCT

Texas Regional Entity (Texas RE), an independent division of Electric Reliability Council of Texas, Inc. (ERCOT) has a May 2007 Delegation Agreement with North American Reliability Corporation (NERC) to be the Regional Entity for the ERCOT region, which was approved by the Federal Energy Regulatory Commission (FERC) by an order issued April 19, 2007. In order to preserve the integrity, independence, and credibility of Texas RE, the Texas RE Board of Directors has adopted this Code of Conduct describing the standards of business conduct required of its members (“Directors”).

This Code of Conduct cannot provide detailed guidance in response to every potential compliance or ethical issue. Nonetheless, it establishes a framework within which recurring questions may be addressed. Honesty, trust and integrity are fundamental to all business dealings. Texas RE trusts its Directors to uphold the intent of the Code of Conduct. Common sense and good faith are essential to its successful implementation.

1. DUTY OF CARE: A director shall perform his or her function in good faith, with the care an ordinarily prudent person in a like position would exercise in similar circumstances and in a manner he or she reasonably believes is in the best interest of Texas RE.

All directors and officers must act in a duty of utmost good faith towards Texas RE.

2. DUTY OF LOYALTY: While acting as a Texas RE Board Director, a Director shall act in the best interests of Texas RE and not in his/her own personal interest or that of any organization or other person with whom they are affiliated. Conflicts of interest must be disclosed to the board and procedures must be followed to ensure such conflicts do not cause harm to Texas RE.

While acting as a board director the director must make decisions in the best interest of Texas RE and its corporate mission without regard to the benefit or detriment upon the organization for which the board director is employed or for the market segment that elected the board member.

3. DUTY OF COMPLIANCE WITH APPLICABLE LAWS: Directors have a duty to have knowledge of or awareness of laws applicable to Texas RE. Directors shall comply with all laws and regulations applicable to the conduct of the business of Texas RE, including but not limited to compliance with antitrust laws. Directors who become aware of any illegal or improper conduct on the part of another Director or of conduct inconsistent with this Code of Conduct shall promptly report such conduct to Texas RE’s Director, Legal Affairs.

4. CONFIDENTIALITY: All directors have a duty of protecting confidential information entrusted to them by Texas RE or its registered entities or members, in accordance with Section 1500 of the NERC Rules of Procedure. Such information must not be disclosed to others, except when disclosure is authorized by Texas RE or legally mandated.

Confidential information includes all non-public information that is harmful to Texas RE or its members if disclosed and specifically includes any of the the following:

- Information, technical data or know-how which relates to the business, services or products of Texas RE, owners, operators and users of the bulk power system (including Registered Entities on NERC’s Compliance Registry and ERCOT’s members and market participants, as listed on ERCOT’s public web site), or any of

- their consultants or vendors, which was developed or acquired by that business and which is proprietary or competitively or commercially sensitive;
- Critical Energy Infrastructure Information;
- Personnel information that identifies or could be used to identify a specific individual or reveals personnel, financial, medical, or other personal information;
- Work papers, including any records produced for or created in the course of an evaluation or audit;
- Investigative files, including any records produced for or created during the course of an investigation; or
- Cyber Security Incident information.

All information received during an executive session is deemed confidential; so, notes from executive sessions need to be appropriately protected or maintained.

All information labeled attorney-client is deemed confidential. Attorney-client privilege information needs to stay within the Board of Directors. Providing information to anyone outside of the Board of Directors can waive the privilege. This includes people within your own organizations (outside of Texas RE), including your organizations' attorneys.

5. CONFLICT OF INTEREST: Directors and officers of Texas RE have a duty of loyalty to Texas RE and must therefore avoid any actual or apparent conflict of interest with Texas RE. A conflict situation may arise when a director or officer takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest also arise when a director or officer or a member of his or her family receives improper personal benefits as a result of his or position at Texas RE. If such a situation arises, the officers and directors must immediately report the circumstances to the Legal Department at 512-225-7078.

To avoid a real or apparent conflict of interest, a board member should not represent the company at which he/she is employed in any dispute with Texas RE, nor should the board member intervene or attempt to influence Texas RE management in favor of his/her company.

6. VOTING: Directors have a fiduciary duty to cast their votes in a manner that they believe is in the best interests of the organization. Voting should be consistent with Texas RE's mission statement.

If a Board member is unable to perform his or her duties on a particular issue because of duties to another person or entity, the Board member should disclose the problem and abstain from voting on the issue.

ERCOT-TEXAS RE BOARD OF DIRECTOR CODE OF CONDUCT

~~ERCOT-Texas Regional Entity (Texas RE), an independent division of Electric Reliability Council of Texas, Inc. (ERCOT) has a May 2007 Delegation Agreement with North American Reliability Corporation (NERC) was to be the Regional Entity for the ERCOT region, which was approved by the Federal Energy Regulatory Commission (FERC) by an order issued April 19, 2007 certified as the Independent Organization for the ERCOT Region by the Public Utility Commission of Texas and supported by an industry-wide task force consensus to be an impartial third party security operator and planning coordinator for the ERCOT bulk electric system. In order to preserve the integrity, of the marketplace and the trust independence, and credibility of ERCOT-Texas RE, the ERCOT-Texas RE Board of Directors has adopted this Code of Conduct describing the standards of business conduct required of its members ("Directors").~~

This Code of Conduct cannot provide detailed guidance in response to every potential compliance or ethical issue. Nonetheless, it establishes a framework within which recurring questions may be addressed. Honesty, trust and integrity are fundamental to all business dealings. ERCOT-Texas RE trusts its Directors to uphold the intent of the Code of Conduct. Common sense and good faith are essential to its successful implementation.

1. DUTY OF CARE: A director shall perform his or her function in good faith, with the care an ordinarily prudent person in a like position would exercise in similar circumstances and in a manner he or she reasonably believes is in the best interest of ERCOT-Texas RE.

All directors and officers must act in a duty of utmost good faith towards ERCOT-Texas RE.

2. DUTY OF LOYALTY: While acting as an ERCOT-Texas RE Board Director, a Director shall act in the best interests of ERCOT-Texas RE and not in his/her own personal interest or that of any organization or other person with whom they are affiliated. Conflicts of interest must be disclosed to the board and procedures must be followed to ensure such conflicts do not cause harm to ERCOT-Texas RE.

While acting as a board director the director must make decisions in the best interest of ERCOT-Texas RE and its corporate mission without regard to the benefit or detriment upon the organization for which the board director is employed or for the market segment that elected the board member.

3. DUTY OF COMPLIANCE WITH APPLICABLE LAWS: Directors have a duty to have knowledge of or awareness of laws applicable to ERCOT-Texas RE. Directors shall comply with all laws and regulations applicable to the conduct of the business of Texas REERCOT, including but not limited to compliance with antitrust laws. Directors who become aware of any illegal or improper conduct on the part of another Director or of conduct inconsistent with this Code of Conduct shall promptly report such conduct to ERCOT's-Texas RE's General Counsel/Director, Legal Affairs.

4. CONFIDENTIALITY: All directors have a duty of protecting confidential information entrusted to them by ERCOT-Texas RE or its registered entities or members, in accordance with Section 1500 of the NERC Rules of Procedure. Such information must not be disclosed to others, except when disclosure is authorized by Texas REERCOT or legally mandated.

Confidential information includes all non-public information that is harmful to Texas REERCOT or its members if disclosed and specifically includes any of the the following:

- Information, technical data or know-how which relates to the business, services or products of Texas RE, owners, operators and users of the bulk power system (including Registered Entities on NERC's Compliance Registry and ERCOT's members and market participants, as listed on ERCOT's public web site), or any of their consultants or vendors, which was developed or acquired by that business and which is proprietary or competitively or commercially sensitive;
- Critical Energy Infrastructure Information;
- Personnel information that identifies or could be used to identify a specific individual or reveals personnel, financial, medical, or other personal information;
- Work papers, including any records produced for or created in the course of an evaluation or audit;

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**Texas Regional Entity
Advisory Committee
Future Agenda Items – March 2010**

Item		Meeting
1.	Legal and IT separation update	April - May 2010
2.	Recommend acceptance of financial statement audit	April 2010
3.	Consider 2011 Business Plan and Budget	April 2010 – May 2010
4.	Recommend 2011 Business Plan and Budget	June 2010



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

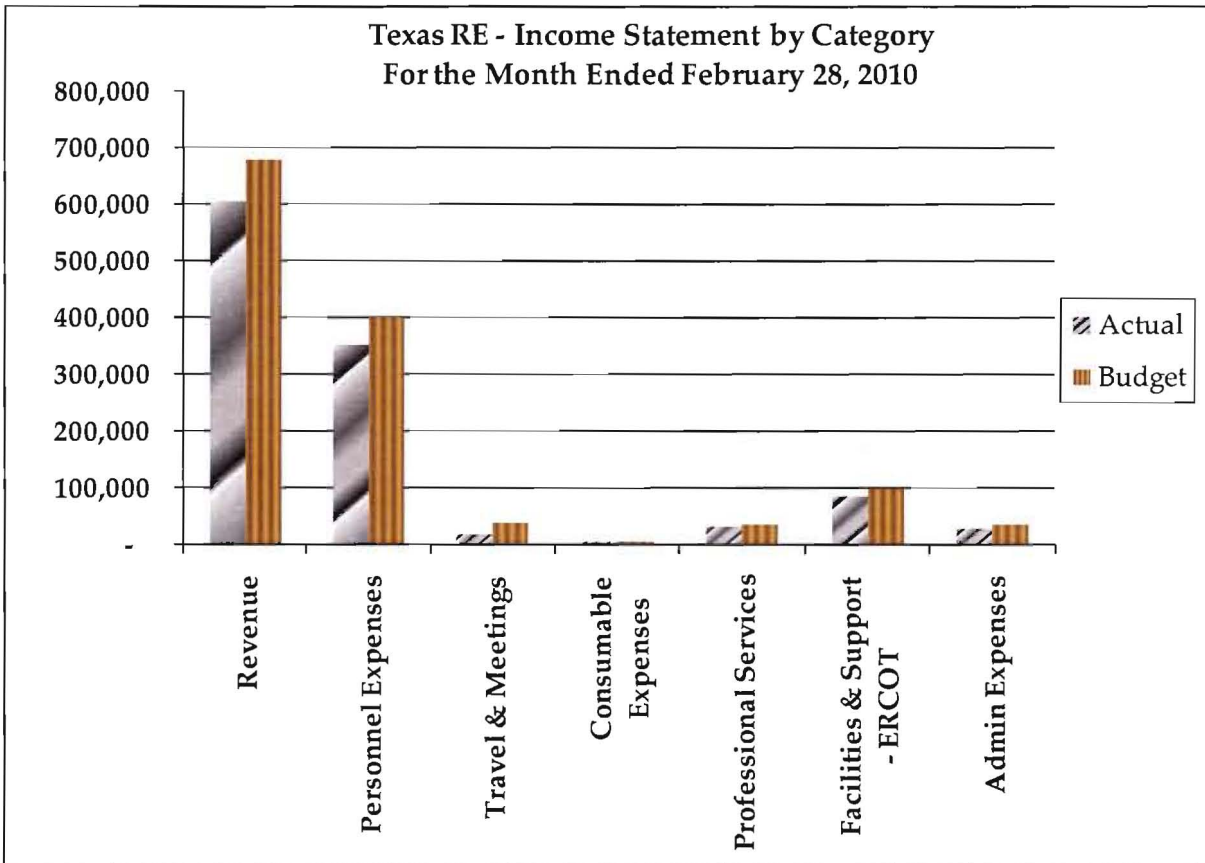
**Texas Regional Entity
Headcount
Statutory & Non-Statutory Combined
For The Month Ended February 28, 2010**

	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



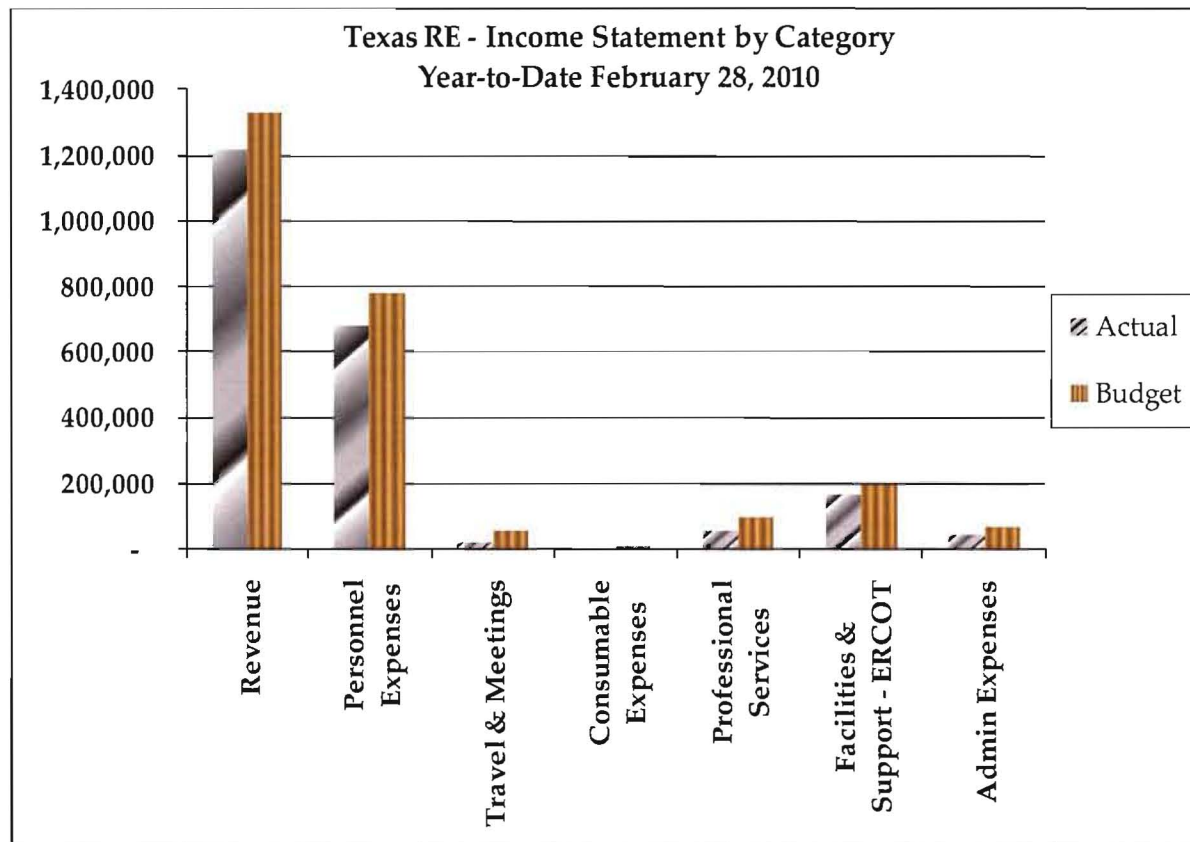
Operating Summary



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

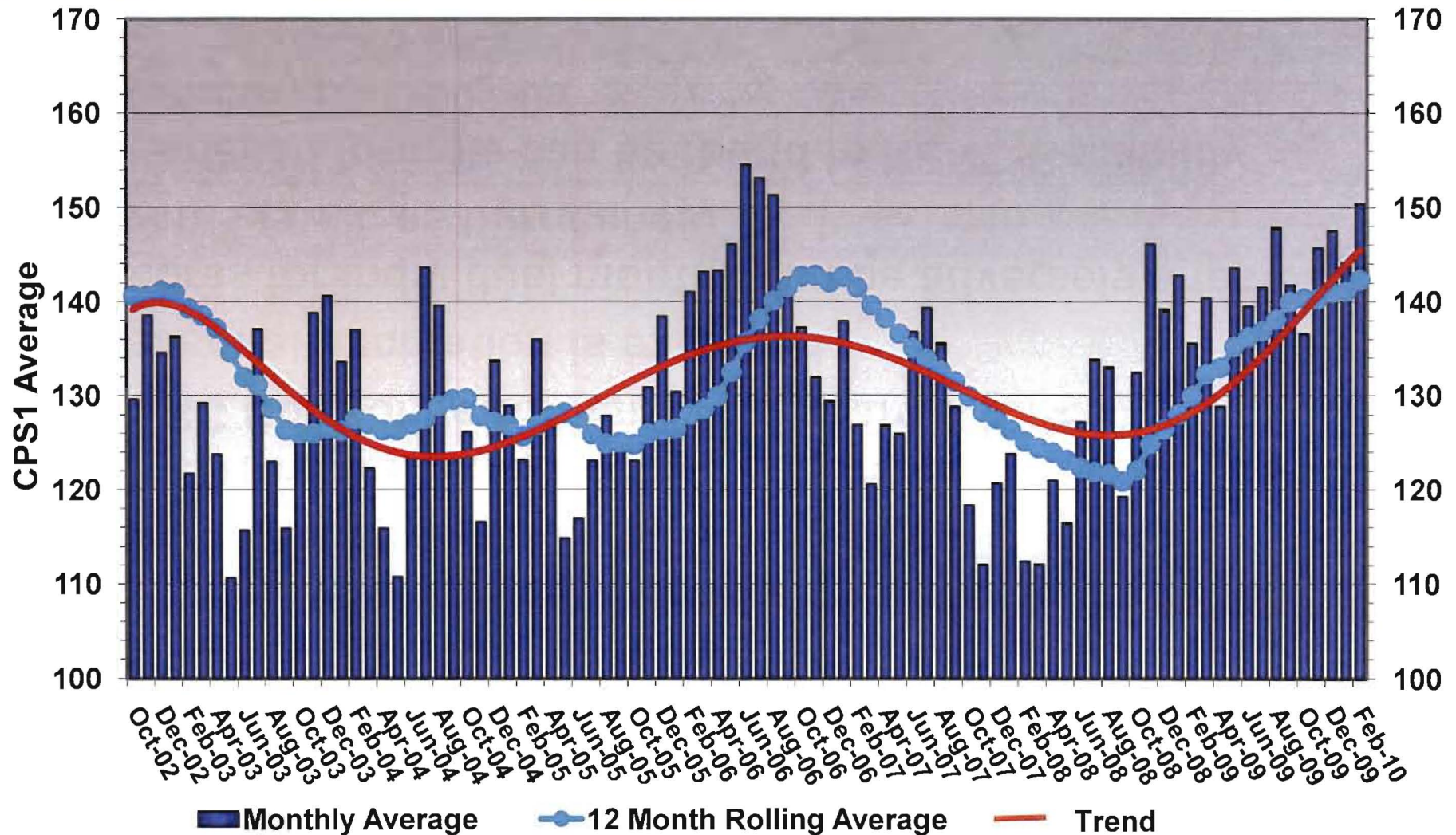
Texas Regional Entity Compliance Report

**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**

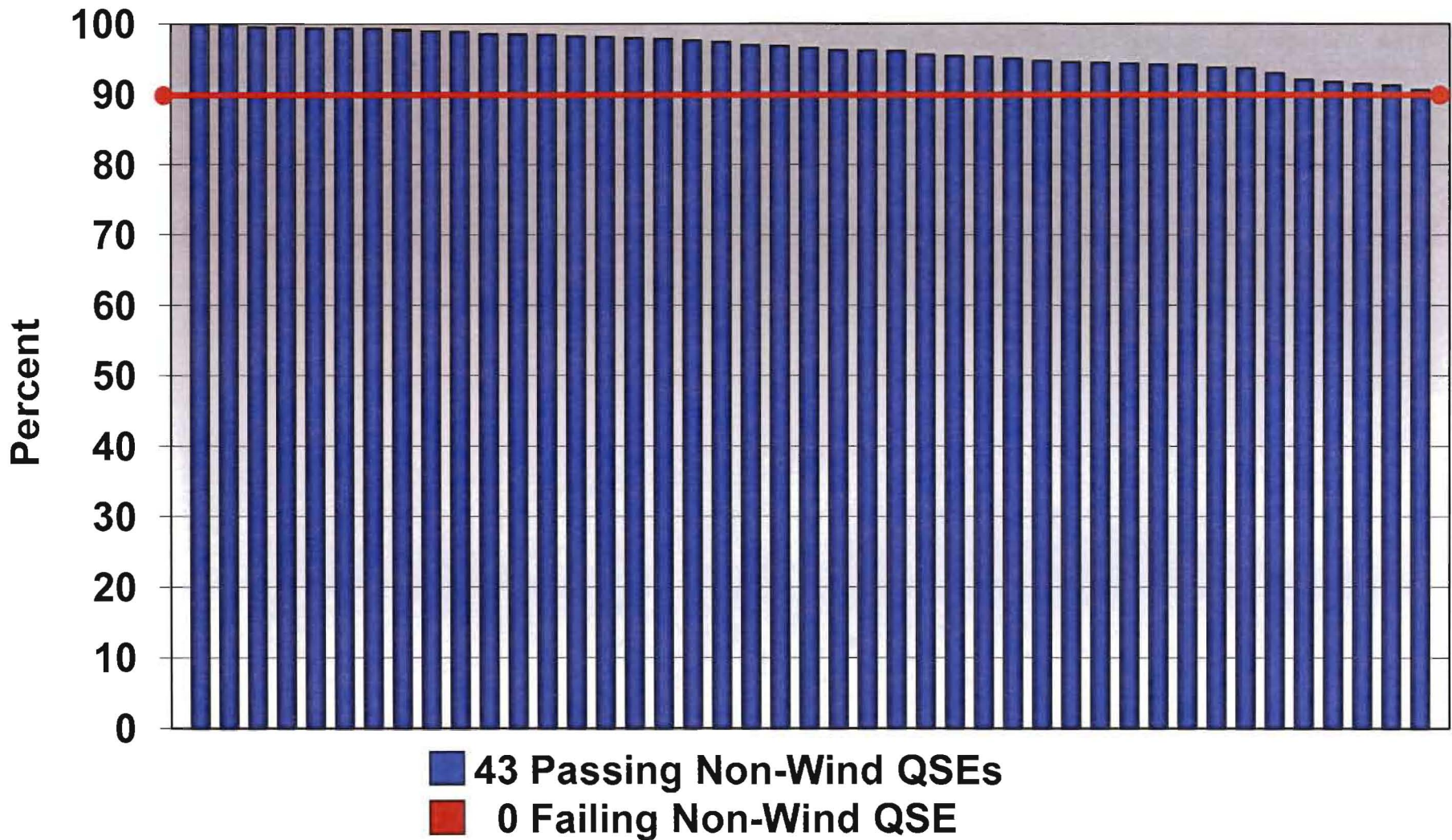
February 2010 ERCOT's CPS1 Monthly Performance



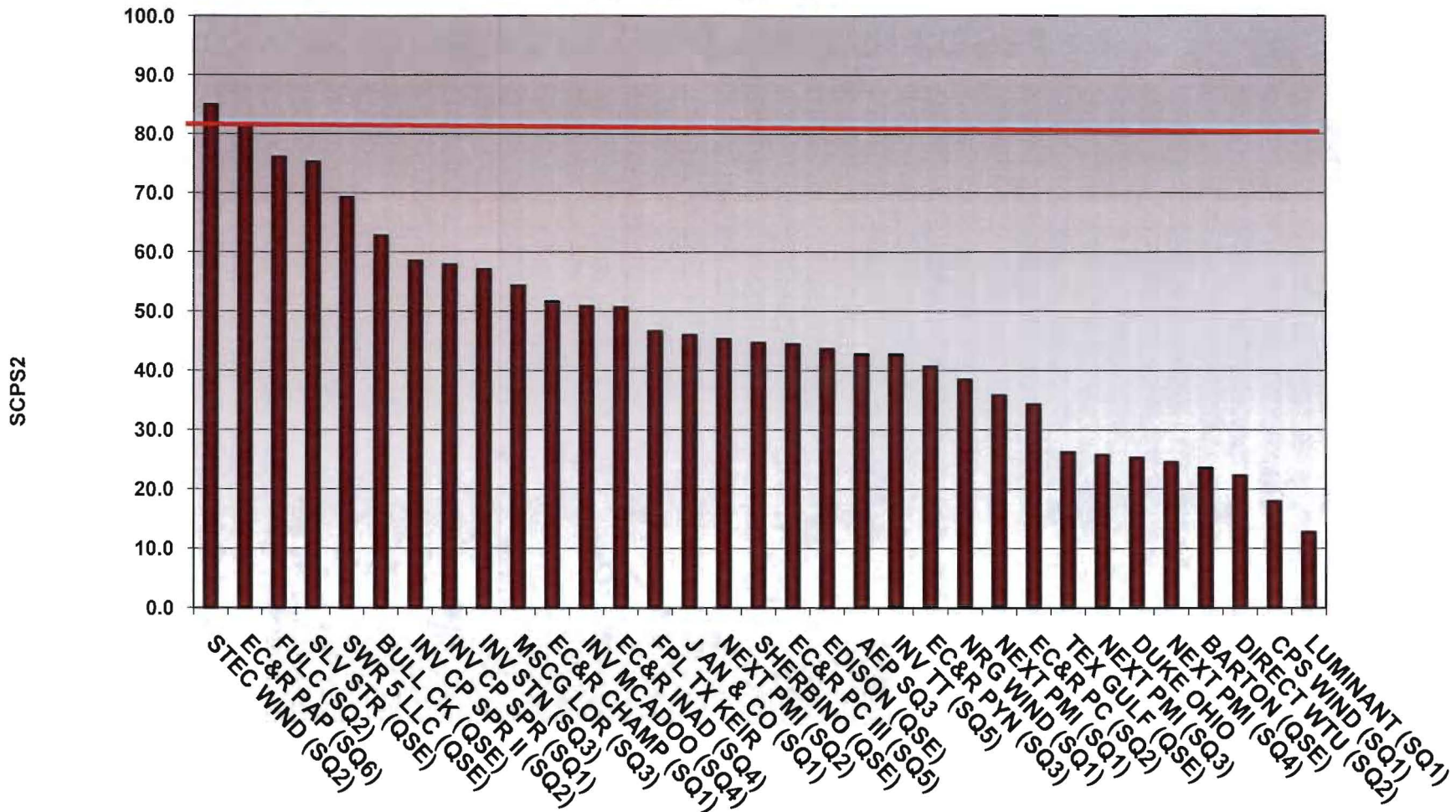
Analysis of CPS1 Monthly Performance

- **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*