

2010 ERCOT KEY PERFORMANCE INDICATOR MATRIX

2nd Quarter 2010

PERCENTAGE	TAB	KPI	CURRENT QUARTER PERFORMANCE	1st QUARTER PERFORMANCE	TREND positive negative neutral	OVERALL STATUS
25	NODAL (1)	Successfully implement the Nodal Program milestones on time and within budget	on target	on target	neutral	
25	OPERATIONS (2)	Provide reliable grid and market operations for the Texas electric market within compliance of all ERCOT protocols, NERC standards and requirements and Service Level Agreements	10 on target 1 below target	9 on target 2 below target	positive	One service level expectation below target for the 2nd Quarter
25	COMPLIANCE (3)	Conduct ERCOT business and operations in compliance with all applicable NERC/FERC regulatory requirements and standards, financial/accounting regulatory requirements and standards, legislative and PUCT directives	on target	on target	neutral	
15	CORPORATE SUPPORT (4)	Manage legal, legislative, regulatory and market participant relationships to meet the expectations of the Board of Directors as outlined in ERCOT's strategic plan	on target	on target	neutral	
10	PROJECTS (5)	Plan and implement critical projects on-time and within budget while delivering capabilities as defined and agreed within project's scope, objectives and deliverables	3 on target 1 below target	3 on target 1 in progress	negative	Part of phase one scope was moved into a later phase due to Vendor issues. Implementation date of May 1, 2010 was not met as Market Facing projects were prioritized higher in the release cycle. Phase one implementation was completed on 06/27. Phase 2 work is underway.
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2010 ERCOT KEY PERFORMANCE INDICATORS AND GOALS

KPI 1: Successfully implement the Nodal Program milestones on time and within budget

2nd Quarter 2010

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
1.1	Successful completion of Market Trials Phase 3	15	Cleary	Completion within 30 days of plan	achieved	On time and under budget
1.2	Successful completion of Market Trials Phase 4	15	Cleary	Completion within 30 days of plan	achieved	Commenced April 1 as planned
1.3	Successful completion of Market Trials Phase 5	15	Cleary	Completion within 30 days of plan	on target	Commenced May 3 as planned Target end date of August 31
1.4	Successful completion of 168 Hour Test	15	Cleary	Completion within 30 days of plan	on target	
1.5	December 1, 2010 Go-Live Achieved	20	Cleary	December 1, 2010 Nodal Market achieved	on target	
1.6	Do not exceed approved Nodal program budget	20	Cleary / Petterson	Program completes within approved budget	on target	Program expenditures were favorable relative to the approved budget and the Board Discretionary Fund was increased in the second quarter.
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2010 ERCOT KEY PERFORMANCE INDICATORS AND GOALS

KPI 2: Provide reliable grid and market operations for the Texas electric market within compliance of all ERCOT protocols, NERC standards and requirements and Service Level Agreements

2nd Quarter 2010

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
2.1	Complete the reviews of all projects submitted for regional planning along with ERCOT's 5-year Transmission Plan	5	Saathoff	Complete the 5-year plan by the end of the year and 100% of regional planning project review on time -5%	on target	Progress made to complete 5 year plan by the end of the year. 2 of 2 RPG project reviews completed on time in the 2nd quarter of 2010 and YTD.
				Complete the 5-year plan by the end of the year and 90% of regional planning project review on time -4%	n/a	
				Complete the 5-year plan by the end of the year and 80% of regional planning project review on time -3%	n/a	
				Complete the 5-year plan by the end of the year and 70% of regional planning project review on time -2%	n/a	
				Complete the 5-year plan by the end of January 2011 and 70% of regional planning project review on time -1%	n/a	
2.2	Complete all generation interconnection and reliability must run studies in accordance with PUCT rules and ERCOT protocols	5	Saathoff	100% of generation interconnections and reliability must run studies completed on time - 5%	n/a	
				90% of generation interconnections and reliability must run studies completed on time - 4%	on target	14 of 15 studies completed on time in 2nd quarter of 2010; 29 of 30 YTD for 97%.
				85% of generation interconnections and reliability must run studies completed on time - 3%	n/a	
				80% of generation interconnections and reliability must run studies completed on time - 2%	n/a	
				75% of generation interconnections and reliability must run studies completed on time - 1%	n/a	

2010 ERCOT KEY PERFORMANCE INDICATORS AND GOALS

KPI 2: Provide reliable grid and market operations for the Texas electric market within compliance of all ERCOT protocols, NERC standards and requirements and Service Level Agreements

2nd Quarter 2010

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
2.3	Maintain frequency control within standard	20	Saathoff	No instances of system frequency being lower than 59.91 Hz or higher than 60.09 Hz for more than 5 consecutive minutes - 20%	n/a	7 instances of frequency over 60.09 Hz for more than 5 minutes in 2nd quarter of 2010. 12 instances YTD.
				No instances of system frequency being lower than 59.91 Hz or higher than 60.09 Hz for more than 10 consecutive minutes - 15%	n/a	3 instances of frequency being higher than 60.09 Hz for more than 10 minutes in 2nd quarter of 2010. 5 instances YTD.
				No instances of system frequency being lower than 59.91 Hz or higher than 60.09 Hz for more than 20 consecutive minutes - 10%	on target	No instances of more than 20 minutes in 2nd quarter of 2010 or YTD.
				No instances of system frequency being lower than 59.91 Hz or higher than 60.09 Hz for more than 30 consecutive minutes - 5%	n/a	
2.4	Manage transmission system within limits	15	Saathoff	No instances of Interconnection Reliability Operating Limits (IROLs) being exceeded for more than 10 consecutive minutes - 15%	n/a	4 instances of IROLs being exceeded for more than 10 minutes in 2nd quarter of 2010. 8 YTD.
				No instances of Interconnection Reliability Operating Limits (IROLs) being exceeded for more than 20 consecutive minutes - 10%	on target	No instance of more than 20 minutes in 2nd quarter of 2010. 1 YTD.
				No instances of Interconnection Reliability Operating Limits (IROLs) being exceeded for more than 30 consecutive minutes - 5%	on target	No instance of more than 30 minutes
2.5	Conduct retail transaction processing within protocols	10	Cleary	98%	on target	99.58%

2010 ERCOT KEY PERFORMANCE INDICATORS AND GOALS

KPI 2: Provide reliable grid and market operations for the Texas electric market within compliance of all ERCOT protocols, NERC standards and requirements and Service Level Agreements

2nd Quarter 2010

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
2.6	Retail systems availability within SLA as agreed to by stakeholders.	10	Morgan	99.9% Business Hours	below target	Availability: Q2: 98.68% (YTD: 99.27%)
				99.0% Non-business hours	on target	Availability: Q2: 99.45% (YTD: 99.29%)
2.7	Conduct wholesale transaction processing within protocols	10	Cleary	99%	on target	99.86%
2.8	Market systems availability within SLA	10	Morgan	99%	on target	Availability: Q2: 100% (YTD: 99.98%)
2.9	Percent of completed dispute filings in accordance to protocol -- annual	5	Cleary	95%	on target	100.00%
2.10	Meet or exceed Frequency Control system availability targets within SLAs as agreed to by stakeholders.	5	Morgan	Frequency Control Availability 99.932%	on target	Availability: Q2: 99.995% (YTD: 99.997%)
				Frequency Control Availability no outages exceeding 30 consecutive minutes	on target	Outages exceeding 30 minutes: Q2: None (YTD: None)
				Frequency Control Availability no more than 12 outages per year	on target	YTD Total outages: 1
2.11	Meet or exceed Real-time Balancing Market system availability targets within SLAs as agreed to by stakeholders.	5	Morgan	Real Time Balancing Market 99.932%	on target	Availability: Q2: 99.977% (YTD: 99.942%)
				Real Time Balancing Market no outages exceeding 30 consecutive minutes	on target	Outages exceeding 30 minutes: Q2: None (YTD: 2)
				Real Time Balancing Market no more than 12 outages per year	on target	YTD Total outages: 5
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2010 ERCOT KEY PERFORMANCE INDICATORS AND GOALS

KPI 3: Conduct ERCOT business and operations in compliance with all applicable NERC/FERC regulatory requirements and standards, financial/accounting regulatory requirements and standards, legislative and PUCT directives.

2nd Quarter 2010

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
3.1	Maintain reliability while achieving full compliance with NERC/FERC planning and operating standards (<i>this goal will be monitored by HR&G and adjusted as directed</i>).	35	Saathoff / Manning	No high severity and no more than 5 total exceptions from NERC Standards as found in a NERC Compliance Audit excluding current registration mitigation plan regarding TOP - 35%	not started	Audit July 19 - 30, 2010
				No more than 1 high severity and no more than 4 total exceptions from NERC Standards as found in a NERC Compliance Audit excluding current registration mitigation plan regarding TOP -- 20%	not started	Audit July 19 - 30, 2010
3.2	Achieve full compliance with all operating procedures	20	Saathoff / Manning	Greater than or equal to 99% compliance as found in the annual internal Operations Audit -- 20%	achieved	100% Compliant on the 91 events monitored
				Greater than or equal to 96% but less than 99% compliance as found in the annual internal Operations Audit -- 10%	n/a	
3.3	Achieve compliance with all ERCOT Protocols and Operating Guides	20	Saathoff / Manning	No more than 1 operating related exceptions from ERCOT Protocols and Operating Guides as found in TRE Protocol Compliance Audit -- 20%	achieved	TRE Final Audit Report received May 4, 2010 confirmed ERCOT's 100% compliance.
				No more than 3 operating related exceptions from ERCOT Protocols and Operating Guides as found in TRE Protocol Compliance Audit -- 10%	n/a	n/a
3.4	Successful SAS 70 Audit Performance	25	Doggett / Petterson	Unqualified opinion for each SAS 70 control objective	in progress	The first phase of audit field work was completed in the second quarter, and no exceptions were cited. The second phase of testing is planned for the third quarter and the audit report will be issued in late 2010.
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2010 ERCOT KEY PERFORMANCE INDICATORS AND GOALS

KPI 4: Manage legal, legislative, regulatory and market participant relationships to meet the expectations of the Board of Directors as outlined in ERCOT's strategic plan.

2nd Quarter 2010

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
4.1	Successful completion of ERCOT 2011 Budget and Fee Case Filing.	20 (25)	Executive Team	BOD approved 2011 budget and fee case, if necessary	in progress	The 2011 budget is in planning stages. ERCOT's strategic direction is being established by management. The strategic objectives will be a significant input into the 2011 budget cycle slated to commence in June 2010.
4.2	Manage ERCOT total spending within 2010 authorized budget and within 5% of the authorized budget for Officer level reporting areas	20 (25)	Executive Team	Authorized annual 2010 budget as approved by the Board	on target	The organization has recorded financial results favorable to budget through the second quarter of 2010. As of June 30, 2010: Revenue Budget = \$73.0 million Revenue Actual = \$77.1 million Favorable Revenue Variance = \$4.1 million Expense Budget = \$74.9 million Expense Actual = \$69.3 million Favorable Expense Variance = \$5.6 million Overall Favorable Variance of \$9.7 million
4.3	ERCOT's five year strategic plan presented on or before the July 2010 ERCOT Board of Directors meeting	10 (10)	Executive Team	Accomplish in accordance with business planning	achieved	The ERCOT 5-year Strategic Plan (2010 -- 2014) was presented at the July 20, 2010 BOD meeting.
4.4	Organizational structure and staffing level presented on or before the July 2010 ERCOT Board of Directors meeting	10 (10)	Executive Team	Accomplish in accordance with business planning	in progress	
4.3	Proactively build relationships and establish clear and open communications with key constituencies: elected officials, PUCT, Board, key other stakeholders.	15 (20)	Magness	Target-audience satisfaction with quality and timeliness of communication	on target	
4.4	Meet all Sunset Commission information and communication needs to achieve best possible outcome of Sunset process	15 (20)	Magness	Target-audience satisfaction with quality and timeliness of communication	on target	May 6: response to report due May 25 - 26: Sunset Commission Hearing
4.5	Each Officer will continue/begin holding skip-level meetings with members of their staff	10	Executive Team	All Officers will have performed skip-level meetings with members of their staff by December 31, 2010	on target	
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2010 ERCOT KEY PERFORMANCE INDICATORS AND GOALS

KPI 5: Plan and implement critical projects on-time and within budget while delivering capabilities as defined and agreed within project's scope, objectives and deliverables

2nd Quarter 2010

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
5.1	Taylor Data Center completed per schedule and within budget	25	Morgan	Completed within 30 days of September 30, 2010 and within approved budget	on target	On target on all measures
5.2	Bastrop Control Center and Data Center completed per schedule and within budget	25	Morgan	Completed within 30 days of September 30, 2010 and within approved budget	on target	On target on all measures
5.3	Plan and begin implementation of Data Center relocation while minimizing costs and remaining within budget	25	Morgan	*Plan completed - July 1, 2010.	below target	Plan pending funding approval
				*2010 equipment in place by December 15, 2010.	on target	On target on all measures
				*2011 equipment ordered and staged for delivery by end of January 2011	on target	On target on all measures
				*Within approved project budget	on target	On target on all measures
5.4	Information Lifecycle Management ("ILM") Project	25	Cleary	Phase 1 of ILM project implemented within 30 days of May 1, 2010	below target	Part of phase one scope was moved into a later phase due to Vendor issues. Implementation date of May 1, 2010 was not met as Market Facing projects were prioritized higher in the release cycle. Phase one implementation was completed on 06/27. Phase 2 work is underway.
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