

## 2010 ERCOT KEY PERFORMANCE INDICATOR MATRIX

### 3rd Quarter 2010

PERCENTAGE	TAB	KPI	CURRENT QUARTER PERFORMANCE	2nd 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	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	10 on target 1 below target	9 on target 2 below target	neutral	
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	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	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 below target	3 on target 1 in progress	neutral	Information Lifecycle Management: 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

#### 3rd 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	Planned completion: March 22, 2010 Actual completion: March 31, 2010
1.2	Successful completion of Market Trials Phase 4	15	Cleary	Completion within 30 days of plan	achieved	Planned completion: May 13, 2010 Actual completion: April 30, 2010
1.3	Successful completion of Market Trials Phase 5	15	Cleary	Completion within 30 days of plan	achieved	Planned completion: August 31, 2010 Actual completion: August 31, 2010
1.4	Successful completion of 168 Hour Test	15	Cleary	Completion within 30 days of plan	achieved	Planned completion: September 27, 2010 Actual completion: September 15, 2010
1.5	December 1, 2010 Go-Live Achieved	20	Cleary	December 1, 2010 Nodal Market achieved	on target	<ul style="list-style-type: none"> <li>• Oct. 18-30 – Market-facing tests                             <ul style="list-style-type: none"> <li>o Day-ahead market with hourly- and day-ahead unit commitment</li> <li>o Locational marginal prices and base points published every 5 minutes</li> </ul> </li> <li>• Oct. 27-28 – 24 hour load-frequency control test</li> <li>• Nov. 13-15 – Congestion revenue rights auction for December – first binding CRR auction</li> <li>• Nov. 15-29 – “Soft launch”                             <ul style="list-style-type: none"> <li>o Non-binding day-ahead market with hourly- and day-ahead unit commitment</li> <li>o Locational marginal prices and base points published every 5 minutes</li> </ul> </li> <li>• Nov. 28-30 – Generation and frequency control cutover to nodal systems</li> <li>• Nov. 30 – Day-ahead market executed for Dec. 1 – the first operating day to be binding with nodal settlement</li> <li>• Dec. 1 – First operating day of nodal.</li> </ul>
1.6	Do not exceed approved Nodal program budget	20	Cleary / Petterson	Program completes within approved budget	on target	As of September 30, 2010 ( <i>in millions</i> ) : * Actual spend: \$500.4 * Estimated program total spend: \$526.1 * Discretionary fund: \$117.7
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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**

**3rd 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	5 year transmission plan development is on track; 4 of 4 RPG project reviews completed on time YTD
				Complete the 5-year plan by the end of the year and 90% of regional planning project review on time -4%	n/a	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	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	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	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%	on target	12 of 12 studies completed on time in 3rd quarter of 2010; 41 of 42 YTD for 98%. All RMR studies completed on time.
				90% of generation interconnections and reliability must run studies completed on time - 4%	n/a	n/a
				85% of generation interconnections and reliability must run studies completed on time - 3%	n/a	n/a
				80% of generation interconnections and reliability must run studies completed on time - 2%	n/a	n/a
				75% of generation interconnections and reliability must run studies completed on time - 1%	n/a	n/a
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%	on target	No instances of frequency being outside limits for more than 5 minutes in 3rd 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%	on target	No instances of frequency being outside limits for more than 10 minutes in 3rd 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 3rd 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%	on target	No instances of more than 30 minutes in 3rd quarter of 2010 or YTD

**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**

**3rd Quarter 2010**

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
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%	below target	One instance of IROLs being exceeded for more than 10 minutes in 3rd quarter of 2010. 9 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 3rd 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 in 3rd quarter of 2010.
2.5	Conduct retail transaction processing within protocols	10	Cleary	98%	on target	99.96%
2.6	Retail systems availability within SLA as agreed to by stakeholders.	10	Morgan	99.9% Business Hours	below target	Availability: Q3: 99.53% (YTD: 99.36%)
				99.0% Non-business hours	below target	Availability: Q3: 98.96% (YTD: 99.18%)
2.7	Conduct wholesale transaction processing within protocols	10	Cleary	99%	on target	99.92%
2.8	Market systems availability within SLA	10	Morgan	99%	on target	Availability: Q3: 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: Q3: 99.999% (YTD: 99.998%)
				Frequency Control Availability no outages exceeding 30 consecutive minutes	on target	Outages exceeding 30 minutes: Q3: None (YTD: None)
				Frequency Control Availability no more than 12 outages per year	on target	YTD Total outages: 2
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: Q3: 99.977% (YTD: 99.954%)
				Real Time Balancing Market no outages exceeding 30 consecutive minutes	on target	Outages exceeding 30 minutes: Q3: None (YTD: 2)
				Real Time Balancing Market no more than 12 outages per year	on target	YTD Total outages: 6
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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.**

**3rd 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&amp;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%	achieved	100% compliant with O&P standards in 2010 audit (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%	n/a	n/a
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	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 second and final phase of testing has been completed and the audit report will be issued November 2010. It is expected ERCOT will receive an unqualified (clean) audit opinion.
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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.

#### 3rd Quarter 2010

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
4.1	Successful completion of ERCOT 2011 Budget and Fee Case Filing.	20	Executive Team	BOD approved 2011 budget and fee case, if necessary	in progress	Preparation of the 2011 budget is progressing according to schedule and formal board approval of the proposed budget will be requested in November 2010.
4.2	Manage ERCOT total spending within 2010 authorized budget and within 5% of the authorized budget for Officer level reporting areas	20	Executive Team	Authorized annual 2010 budget as approved by the Board	on target	<p>The organization has recorded financial results favorable to budget through the third quarter of 2010. As of September 30, 2010 (excluding one time event of Reserve Fund return of \$3.4 million):</p> <p>Revenue Budget = \$119.6 million Revenue Actual = \$123 million Favorable Revenue Variance = \$3.4 million</p> <p>Expense Budget = \$117.0 million Expense Actual = \$104.6 million Favorable Expense Variance = \$12.5 million</p> <p>Overall Favorable Variance of \$15.9 million.</p>
4.3	ERCOT's five year strategic plan presented on or before the July 2010 ERCOT Board of Directors meeting	10	Executive Team	Accomplish in accordance with business planning	achieved	The final version of 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 to ERCOT Board of Directors with 2011 budget submission.	10	Executive Team	Accomplish in accordance with business planning	in progress	
4.5	Proactively build relationships and establish clear and open communications with key constituencies: elected officials, PUCT, Board, key other stakeholders.	15	Magness	Target-audience satisfaction with quality and timeliness of communication	on target	Significant new efforts in communicating on budget issues with PUC staff. Improvements made in delivery of material for Board meetings.
4.6	Meet all Sunset Commission information and communication needs to achieve best possible outcome of Sunset process	15	Magness	Target-audience satisfaction with quality and timeliness of communication	achieved	Sunset Commission review process complete.

4.7	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

#### 3rd 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.	achieved	
				*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	Information Lifecycle Management: 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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