



TAB ITEM	GOAL	MEASUREMENT	PERCENTAGE	2010 YEAR END	4th QUARTER PERFORMANCE	3rd QUARTER PERFORMANCE	2nd QUARTER PERFORMANCE	1st QUARTER PERFORMANCE
1.1	Successful completion of Market Trials Phase 3	Completion within 30 days of plan	15	15				15
1.2	Successful completion of Market Trials Phase 4	Completion within 30 days of plan	15	15			15	
1.3	Successful completion of Market Trials Phase 5	Completion within 30 days of plan	15	15		15		
1.4	Successful completion of 168 Hour Test	Completion within 30 days of plan	15	15		15		
1.5	December 1, 2010 Go-Live Achieved	December 1, 2010 Nodal Market achieved	20	20	20			
1.6	Do not exceed approved Nodal program budget	Program completes within approved budget	20	20	20			
2.1	Complete the reviews of all projects submitted for regional planning along with ERCOT's 5-year Transmission Plan	*Complete the 5-year plan by the end of the year and 100% of regional planning project review on time -5 pts. *Complete the 5-year plan by the end of the year and 90% of regional planning project review on time -4 pts. *Complete the 5-year plan by the end of the year and 80% of regional planning project review on time -3 pts. *Complete the 5-year plan by the end of the year and 70% of regional planning project review on time -2 pts. *Complete the 5-year plan by the end of January 2011 and 70% of regional planning project review on time -1 pts.	5	5.00	5	5	5	5
2.2	Complete all generation interconnection and reliability must run studies in accordance with PUCT rules and ERCOT protocols	*100% of generation interconnections and reliability must run studies completed on time - 5 pts. *90% of generation interconnections and reliability must run studies completed on time - 4 pts. *85% of generation interconnections and reliability must run studies completed on time - 3 pts. *80% of generation interconnections and reliability must run studies completed on time - 2 pts. *75% of generation interconnections and reliability must run studies completed on time - 1 pts.	5 -- 1	4.75	5	5	4	5
2.3	Maintain frequency control within standard	*No instances of system frequency being lower than 59.91 Hz or higher than 60.09 Hz for more than 5 consecutive minutes - 20 pts. *No instances of system frequency being lower than 59.91 Hz or higher than 60.09 Hz for more than 10 consecutive minutes - 15 pts. *No instances of system frequency being lower than 59.91 Hz or higher than 60.09 Hz for more than 20 consecutive minutes - 10 pts. *No instances of system frequency being lower than 59.91 Hz or higher than 60.09 Hz for more than 30 consecutive minutes - 5 pts.	20 -- 5	12.50	10	20	10	10
2.4	Manage transmission system within limits	*No instances of Interconnection Reliability Operating Limits (IROLs) being exceeded for more than 10 consecutive minutes - 15 pts. *No instances of Interconnection Reliability Operating Limits (IROLs) being exceeded for more than 20 consecutive minutes - 10 pts. *No instances of Interconnection Reliability Operating Limits (IROLs) being exceeded for more than 30 consecutive minutes - 5 pts.	15 -- 5	7.50	5	10	10	5
2.5	Conduct retail transaction processing within protocols	98%	10	10.00	10	10	10	10
2.6	Retail systems availability within SLA as agreed to by stakeholders.	99.9% Business Hours -- 5 pts. 99.0% Non-business hours -- 5 pts.	10 -- 5	3.75	(0 pts) Business Hours: 99.23 % (5 pts) Non-business Hours: 99.17%	(0 pts) Business Hours: 99.53% (0 pts) Non-business Hours: 98.96%	(0 pts) Business Hours: 98.68% (5 pts) Non-business Hours: 99.45%	(0 pts) Business Hours: 99.87% (5 pts) Non-business Hours: 99.14%
2.7	Conduct wholesale transaction processing within protocols	99%	10	10.00	10	10	10	10
2.8	Market systems availability within SLA	99%	10	10.00	10	10	10	10
2.9	Percent of completed dispute filings in accordance to protocol -- annual	95%	5	5.00	5	5	5	5
2.10	Meet or exceed Frequency Control system availability targets within SLAs as agreed to by stakeholders.	*Frequency Control Availability (99.932%) -- 2 pts. *Frequency Control Availability no outages exceeding 30 consecutive minutes -- 2 pts. *Frequency Control Availability no more than 12 outages per year -- 1 pts.	5 -- 3	5.00	5	5	5	5

TAB ITEM	GOAL	MEASUREMENT	PERCENTAGE	2010 YEAR END	4th QUARTER PERFORMANCE	3rd QUARTER PERFORMANCE	2nd QUARTER PERFORMANCE	1st QUARTER PERFORMANCE
2.11	Meet or exceed Real-time Balancing Market system availability targets within SLAs as agreed to by stakeholders.	*Real Time Balancing Market (99.932%) -- 2 pts. *Real Time Balancing Market no outages exceeding 30 consecutive minutes -- 2 pts. *Real Time Balancing Market no more than 12 outages per year -- 1 pts.	5 -- 3	3.50	3	5	5	1
3.1	Maintain reliability while achieving full compliance with NERC/FERC planning and operating standards (this goal will be monitored by HR&G and adjusted as directed).	*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 pts. *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 pts.	35 -- 20	35		35		
3.2	Achieve full compliance with all operating procedures	*Greater than or equal to 99% compliance as found in the annual internal Operations Audit -- 20 pts. *Greater than or equal to 96% but less than 99% compliance as found in the annual internal Operations Audit -- 10 pts.	20 -- 10	20				20
3.3	Achieve compliance with all ERCOT Protocols and Operating Guides	*No more than 1 operating related exceptions from ERCOT Protocols and Operating Guides as found in TRE Protocol Compliance Audit -- 20 pts. *No more than 3 operating related exceptions from ERCOT Protocols and Operating Guides as found in TRE Protocol Compliance Audit -- 10 pts.	20 -- 10	20			20	
3.4	Successful SAS 70 Audit Performance	Unqualified opinion for each SAS 70 control objective	25	25	25			
4.1	Successful completion of ERCOT 2011 Budget and Fee Case Filing.	BOD approved 2011 budget and fee case, if necessary	20	20	20			
4.2	Manage ERCOT total spending within 2010 authorized budget and within 5% of the authorized budget for Officer level reporting areas	Authorized annual 2010 budget as approved by the Board	20	20	20			
4.3	ERCOT's five year strategic plan presented on or before the July 2010 ERCOT Board of Directors meeting	Accomplish in accordance with business planning	10	10		10		
4.4	Organizational structure and staffing level presented to ERCOT Board of Directors with 2011 budget submission.	Accomplish in accordance with business planning	10	10	10			
4.5	Proactively build relationships and establish clear and open communications with key constituencies: elected officials, PUCT, Board, key other stakeholders	Target-audience satisfaction with quality and timeliness of communication	15	15	15	15	15	15
4.6	Meet all Sunset Commission information and communication needs to achieve best possible outcome of Sunset process	Target-audience satisfaction with quality and timeliness of communication	15	15		15		
4.7	Each Officer will continue/begin holding skip-level meetings with members of their staff	All Officers will have performed skip-level meetings with members of their staff by December 31, 2010	10	10	10			
5.1	Taylor Data Center completed per schedule and within budget	Completed within 30 days of September 30, 2010 and within approved budget	25	25		25		
5.2	Bastrop Control Center and Data Center completed per schedule and within budget	Completed within 30 days of September 30, 2010 and within approved budget	25	25		25		
5.3	Plan and begin implementation of Data Center relocation while minimizing costs and remaining within budget	*Plan completed - July 1, 2010. *2010 equipment in place by December 15, 2010. *2011 equipment ordered and staged for delivery by end of January 2011 *Within approved project budget	25	25	25			
5.4	Information Lifecycle Management ("ILM") Project	Phase 1 of ILM project implemented within 30 days of May 1, 2010	25	25			25	

## 2010 ERCOT KEY PERFORMANCE INDICATORS AND GOALS

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

#### 2010 -- 4th Quarter and Year End

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 (1st Q)	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 (2nd Q)	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 (3rd Q)	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 (3rd Q)	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	achieved (4th Q)	<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	achieved (4th Q)	<p><b>As of December 1, 2010</b> (in millions):</p> <ul style="list-style-type: none"> <li>* Actual spend: <b>\$510.1</b></li> <li>* Estimated program total spend: <b>\$523.4</b></li> <li>* Estimated favorable variance relative to approved budget: <b>\$120.4</b></li> </ul> <p>Figures do not reflect authorization to fund in 2011 with Nodal Program contingency funds up to <b>\$25.2</b> million of post-go-live charges.</p>
		<b>100</b>				

## 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

#### 2010 -- 4th Quarter and Year End

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 pts.	achieved	100% of RPG reviews were completed on time. The original scope of the Five-Year Transmission Plan development, which was similar to that which had been accomplished for the last several years, has been completed. The 5YTP document has not been completed due to several new items were added to that scope as the year progressed based on our goal to include several analyses that had previously been considered separate analyses within a single document for NERC compliance purposes and one additional analysis based on stakeholder comments. These items were not included within the original scope at the time this goal was set.
				Complete the 5-year plan by the end of the year and 90% of regional planning project review on time -4 pts.	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 pts.	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 pts.	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 pts.	n/a	n/a
				100% of generation interconnections and reliability must run studies completed on time - 5 pts.	achieved	10 of 10 generation interconnection studies completed on time in 4th quarter of 2010; 51 of 52 studies completed on time YTD for 98%. All RMR studies completed on time.
				90% of generation interconnections and reliability must run studies completed on time - 4 pts.	n/a	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

#### 2010 -- 4th Quarter and Year End

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
2.2	Complete all generation interconnection and reliability must run studies in accordance with PUCT rules and ERCOT protocols	5	Saathoff	85% of generation interconnections and reliability must run studies completed on time - 3 pts.	n/a	n/a
				80% of generation interconnections and reliability must run studies completed on time - 2 pts.	n/a	n/a
				75% of generation interconnections and reliability must run studies completed on time - 1 pts.	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 pts.	n/a	10 instances of frequency being outside limits for more than 5 minutes in 4th quarter of 2010. 22 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 pts.	n/a	2 instances of frequency being outside limits for more than 10 minutes in 4th quarter of 2010. 7 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 pts.	on target	No instances of more than 20 minutes in 4th 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 pts.	n/a	No instances of more than 30 minutes in 4th quarter of 2010 or YTD
				No instances of Interconnection Reliability Operating Limits (IROLs) being exceeded for more than 10 consecutive minutes - 15 pts.	n/a	Nineteen instances of IROLs being exceeded for more than 10 minutes in 4th quarter of 2010. 28 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

#### 2010 -- 4th Quarter and Year End

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 20 consecutive minutes - 10 pts.	n/a	Seven instances of more than 20 minutes in 4th quarter of 2010. 8 YTD.
				No instances of Interconnection Reliability Operating Limits (IROLs) being exceeded for more than 30 consecutive minutes - 5 pts.	on target	No instance of more than 30 minutes
2.5	Conduct retail transaction processing within protocols	10	Cleary	98%	on target	99.97%
2.6	Retail systems availability within SLA as agreed to by stakeholders.	10	Morgan	99.9% Business Hours	Q4: below target 2010: below target	Availability: Q4: 99.23% (2010: 99.32%)
				99.0% Non-business hours	Q4: on target 2010: on target	Availability: Q4: 99.17% (2010: 99.18%)
2.7	Conduct wholesale transaction processing within protocols	10	Cleary	99%	on target	99.77%
2.8	Market systems availability within SLA	10	Morgan	99%	Q4: on target 2010: on target	Availability: Q4: 99.43% (2010: 99.84%)
2.9	Percent of completed dispute filings in accordance to protocol -- annual	5	Cleary	95%	on target	99.71%
2.10	Meet or exceed Frequency Control system availability targets within SLAs as agreed to by stakeholders.	5	Morgan	Frequency Control Availability 99.932% -- 2 pts.	Q4: on target 2010: on target	Availability: Q4: 99.992% (2010: 99.996%) Note: Nodal LFC metrics used in Dec
				Frequency Control Availability no outages exceeding 30 consecutive minutes -- 2 pts.	Q4: on target 2010: on target	Outages exceeding 30 minutes: Q4: None (2010: None) Note: Nodal LFC metrics used in Dec
				Frequency Control Availability no more than 12 outages per year -- 1 pts.	on target	2010 Total outages: 4 Note: Nodal LFC metrics used in Dec
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% -- 2 pts.	Q4: on target 2010: on target	Availability: Q4: 99.966% (2010: 99.955%) Notes: Excludes Dec - RTBM retired
				Real Time Balancing Market no outages exceeding 30 consecutive minutes -- 2 pts.	Q4: below target 2010: below target	Outages exceeding 30 minutes: Q4: 1 (2010: 3) Notes: Excludes Dec - RTBM retired
				Real Time Balancing Market no more than 12 outages per year -- 1 pts.	on target	2010 Total outages: 9

**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**

**2010 -- 4th Quarter and Year End**

TAB ITEM	GOAL	PERCENTAGE	OFFICER	MEASUREMENT	STATUS	PERFORMANCE
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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.**

**2010 -- 4th Quarter and Year End**

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 pts.	achieved (3rd Q)	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 pts.	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 pts.	achieved (1st Q)	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 pts.	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 pts.	achieved (2nd Q)	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 pts.	n/a	n/a
3.4	Successful SAS 70 Audit Performance	25	Doggett / Petterson	Unqualified opinion for each SAS 70 control objective	achieved (4th Q)	Unqualified Opinion
		<b>100</b>				

## 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.

#### 2010 -- 4th Quarter and Year End

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	achieved (4th Q)	ERCOT's 2011 budget was approved by the ERCOT board in November 2010. The approved budget allowed ERCOT fees to remain at 2010 levels and, as a result, a regulatory fee filing was not required.
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	achieved (4th Q)	<p>The organization has recorded financial results favorable to budget for the first eleven months of the year. <b>As of November 30, 2010</b> (excluding one time event of Reserve Fund return of \$3.4 million):</p> <p>Revenue Budget = \$157.2 million Revenue Actual = \$159.9 million Favorable Revenue Variance = \$2.7 million</p> <p>Expense Budget = \$157.2 million Expense Actual = \$150.6 million Favorable Expense Variance = \$6.6 million</p> <p>Overall Favorable Variance of \$9.3 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 (3rd Q)	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	achieved (4th Q)	The 2011 budget incorporated staffing levels and organizational structure details.
4.5	Proactively build relationships and establish clear and open communications with key constituencies: elected officials, PUCT, Board, key other stakeholders.	15	Magness / Gage	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	Gage	Target-audience satisfaction with quality and timeliness of communication	achieved (3rd Q)	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	achieved (4th Q)	Skip-level meetings conducted.
		<b>100</b>				

## 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

#### 2010 -- 4th Quarter and Year End

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	achieved (3rd Q)	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	achieved (3rd Q)	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 (3rd Q)	
				*2010 telecom equipment in place by December 15, 2010.	achieved (4th Q)	On target on all measures
				*2011 equipment ordered and staged for delivery by end of January 2011	achieved (4th Q)	On target on all measures
				*Within approved project budget	achieved (4th Q)	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	achieved (2nd Q)	Phase I implemented on 6/27 due to vendor issues and decision to not impact other projects. Phase I complete with substantial savings to the organization.
		100				