



Date: April 12, 2011
To: Board of Directors
From: H.B. "Trip" Doggett, ERCOT President and Chief Executive Officer
Subject: 2011 ERCOT Key Performance Indicators (KPIs)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: April 19, 2011

Agenda Item No.: 19a

Issue:

Whether to approve the 2011 ERCOT KPI Matrix as recommended by ERCOT Staff.

Background/History:

The ERCOT leadership team has annually developed specific goals and objectives to drive performance of the organization. These goals, along with the specific measurement metrics, are outlined in the 2011 KPIs. The KPIs are reviewed on a quarterly basis and are used to measure the successful performance of the organization. It is important that the leadership team and the ERCOT Board of Directors (Board) are aligned on the specific goals and focus of ERCOT for 2011.

The Human Resources and Governance (HR&G) Committee will be considering whether to recommend that the Board approve the 2011 KPIs as presented at its meeting on April 18, 2011.

Key Factors Influencing Issue:

The 2011 KPIs correlate to ERCOT's strategic direction of the Board and provide performance measures to the Board and ERCOT leadership and staff.

Alternatives:

- Approve the 2011 KPIs as presented;
- Instruct ERCOT leadership team to modify the 2011 KPIs; or
- Instruct ERCOT leadership team to utilize a different tool for identifying and measuring performance.

Conclusion/Recommendation:

The ERCOT leadership team respectfully recommends that the HR&G Committee recommend approval and that the ERCOT Board approve the 2011 KPIs as presented.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to accept the recommendations of ERCOT staff and the Human Resources and Governance Committee to approve the 2011 ERCOT Key Performance Indicators (KPIs) attached hereto as Exhibit A; and

THEREFORE, BE IT RESOLVED, that the ERCOT Board hereby approves the 2011 ERCOT KPIs attached hereto as Exhibit A.

CORPORATE SECRETARY'S CERTIFICATE

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its April 19, 2011 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of April, 2011.

Bill Magness
Corporate Secretary



2011

ERCOT KEY PERFORMANCE INDICATOR MATRIX

1ST Quarter Reporting Period

		4th Quarter Performance		3rd Quarter Performance		2nd Quarter Performance		1st Quarter Performance	
		Green	Red	Green	Red	Green	Red	Green	Red
25%	TRANSMISSION SYSTEM OPERATION								
	SYSTEM PLANNING								
	TRANSMISSION CONNECTION MANAGEMENT								
	GRID SECURITY MANAGEMENT / REAL-TIME SYSTEM CONTROL / SCHEDULING & DISPATCH								
	OUTAGE COORDINATION/PLANNING								
	FORECASTING								
	COMPLIANCE MONITORING & REPORTING								
15%	RETAIL OPERATION								
	CUSTOMER SWITCHING/REGISTRY								
	MARKET INFORMATION								
	DISPUTE MANAGEMENT								
20%	WHOLESALE SPOT/CASH MARKET OPERATION								
	BIDDING, SCHEDULING AND PRICING								
	WHOLESALE METERING, DATA COLLECTION AND DATA AGGREGATION								
	SETTLEMENT & BILLING								
	MARKET INFORMATION								
	CRR/FTR MANAGEMENT								
	DISPUTE MANAGEMENT								
5%	RENEWABLE ENERGY CREDITS								
	DETERMINE REC OBLIGATIONS AND VERIFY COMPLIANCE								
10%	CUSTOMER CARE								
	ACCOUNT MANAGEMENT								
15%	INFORMATION TECHNOLOGY								
	IT APPLICATION SERVICES								
	IT STRATEGY & PLANNING								
10%	OTHER SUPPORT & MANAGEMENT FUNCTIONS								
	STRATEGY & BUSINESS PLANNING								
	INTERNAL AUDIT								
	FINANCE								
	HUMAN RESOURCES								
	FACILITIES/SECURITY								
	EXTERNAL AFFAIRS								
	PROJECT/PROGRAM MANAGEMENT								



2011
ERCOT KEY PERFORMANCE INDICATOR MATRIX
Transmission System Operation
1ST Quarter Reporting Period

			TARGET	STRETCH	PERFORMANCE
		SYSTEM PLANNING			
Trans 1	Saathoff	Regional Planning project Review performance	At least 90% of project review studies completed on time without substantive errors	At least 95% of project review studies completed on time without substantive errors	
		TRANSMISSION CONNECTION MANAGEMENT			
Trans 2	Saathoff	Generation Interconnection Request (GIR) review performance	At least 90% of GIR screening studies completed on time without errors	At least 95% of GIR screening studies completed on time without errors	
		GRID SECURITY MANAGEMENT / REAL-TIME SYSTEM CONTROL / SCHEDULING & DISPATCH			
Trans 3	Saathoff	Control Performance Standard 1 (CPS1) frequency control performance	Rolling 12 month CPS1 score > 135	Rolling 12 month CPS1 score > 150	
Trans 4	Saathoff	Interconnection Reliability Operating Limit (IROL)	No IROL exceedance longer than 30 minutes	No IROL exceedances longer than 15 minutes	
		OUTAGE COORDINATION/PLANNING			
Trans 5	Saathoff	Outage Coordination performance	At least 95% of outage requests approved or denied within timeline and with mitigation plans developed if required	At least 97% of outage requests approved or denied within timeline and with mitigation plans developed if required	
Trans 6	Saathoff	Network model update frequency	No more than two instances of models not being provided for scheduled and supplemental data base loads and no more than 4 emergency database loads due to staff error	All models provided for scheduled and supplemental data base loads and no more than 2 emergency database loads due to staff error	
		FORECASTING			
Trans 7	Saathoff	Operations Load Forecast performance - Mean Average Percent Error (MAPE)	Monthly average day ahead load forecasts used for DRUC MAPE all less than 4.0%	Monthly average day ahead load forecasts used for DRUC MAPE all less than 3.5%	
Trans 8	Saathoff	Wind forecast performance - MAPE based on installed wind capacity	Monthly average day ahead wind forecasts used for DRUC MAPE all less than 20%	Monthly average day ahead wind forecasts used for DRUC MAPE all less than 15%	
		COMPLIANCE MONITORING & REPORTING			
Trans 9	Saathoff	Required Planning Report performance	No more than two reports required by PUCT Rule, DOE project, NERC or State law filed late or with error	100% of reports required by PUCT Rule, DOE project, NERC or State law completed on time without errors.	
Trans 10	Manning	Achieve full compliance with NERC/FERC planning and operating standards, OPS, Protocols (this measurement will be monitored by HR&G and adjusted as directed)	No more than 1 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	No exceptions from NERC Standards as found in a NERC Compliance Audit.	
Trans 11	Manning	Assure property, personnel, and cyber assets are protected (cyber and physical) in accordance with NERC CIP Standards and SAS70 Controls.	No more than 1 high severity and no more than 5 total alleged violations from NERC Standards as found in a NERC or TRE initiated CIP CMEP in 2011. SAS70 - No more than 1 exception in logical or physical security controls and an unqualified opinion in logical or physical security controls.	No alleged violations from NERC Standards as found in a NERC or TRE initiated CIP CMEP in 2011. SAS70 - Unqualified opinion and no noted exceptions.	
Trans 12	Manning	Achieve compliance with ERCOT Protocols and Operating Guides	No more than 3 operating related exceptions from ERCOT Protocols and Operating Guides as found in Protocol Compliance Audit	No operating related exceptions from ERCOT Protocols and Operating Guides as found in Protocol Compliance Audit	
Trans 13	Manning	Ensure ERCOT ISO compliance with protocol Section 8 and operating guide Section 9 requirements (include in aggregate above)	Ensure EROCT ISO is 95% compliant with responsibilities (shalls) and reliability requirements in Protocols Section 8 and Operating Guides Section 9. Results based on PUCT and Reliability Monitor 2011 audit (Self Reports excluded).	Ensure EROCT ISO is 100% compliant with responsibilities (shalls) and reliability requirements in Protocols Section 8 and Operating Guides Section 9. Results based on PUCT and Reliability Monitor 2011 audit (Self Reports excluded).	



2011

ERCOT KEY PERFORMANCE INDICATOR MATRIX

Retail Operation

1ST Quarter Reporting Period

		TARGET		STRETCH		PERFORMANCE
		CUSTOMER SWITCHING/REGISTRY				
RO 1	Day	Retail Market Operation: Conduct retail transaction processing per Protocol timelines	98%	99%		
RO 2	Day	Retail Market Operation: End use customer switch notifications processed per PUCT rules	99%	99.9%		
		MARKET INFORMATION				
RO 3	Day	Retail Market Operation: Retail extracts available per Protocol timelines	90%	95%		
		DISPUTE MANAGEMENT				
RO 4	Day	Retail Market Operation: Manage retail transaction issues and disputes within defined timelines	96%	98%		



2011
ERCOT KEY PERFORMANCE INDICATOR MATRIX
Wholesale Spot / Cash Market Operation
1ST Quarter Reporting Period

		TARGET		STRETCH	PERFORMANCE
		BIDDING, SCHEDULING AND PRICING			
WO 1	Dumas	DAM executions completed and posted successfully	% of days with successful DAM solution is 97-99 % of time	% of days with successful DAM solution is > 99 % of time	
WO 2	Dumas	DAM executions completed in acceptable timeframe	% of days with posting solution before 1600 is 97-99 % of time	% of days with successful DAM solution posted by 1600 is > 99 % of time	
WO 3	Dumas	DAM quality of solution as measure with price corrections	% of hours requiring DAM price correction is 1-3 % of time	% of hours requiring DAM price correction is < 1 % of time	
WO 4	Dumas	DRUC results posted by 18:00	# of posted DRUCs past 18:00 per month is 2 - 5	# of posted DRUCs past 18:00 per month is < 2	
WO 5	Dumas	DRUC solution is solved and posted	% of hours the forecasted demand and ancillary services requirements are satisfied is 97 - 99 %	% of hours the forecasted demand and ancillary services requirements are satisfied is > 99 %	
WO 6	Dumas	HRUC executed every hour(5.5.3)	% of completed HRUCs per month is 95 - 97 %	% of completed HRUCs per month is > 97 %	
WO 7	Dumas	HRUC solution is solved and posted	% of hours the forecasted demand and ancillary services requirements are satisfied is 97 - 99 %	% of hours the forecasted demand and ancillary services requirements are satisfied is > 99 %	
WO 8	Dumas	SCED executes at least every five minutes (6.3.2.2)	% of missed SCED intervals per month, excluding intervals during database loads and site failovers is < =2 %. No more than 2 days per month with more than 12 consecutive missed SCED intervals	% of missed SCED intervals per month, excluding intervals during database loads and site failovers is < =1% with no more than 12 consecutive missed SCED intervals	
WO 9	Dumas	SCED solution is solved and posted	% of 15-Minute Settlement Intervals where price corrections are performed is 1 - 3 %	% of 15-Minute Settlement Intervals where price corrections are performed is < 1 %	
		WHOLESALE METERING, DATA COLLECTION AND DATA AGGREGATION			
WO 10	Day	AMS interval data is loaded into ERCOT systems by final settlement from the MRE in accordance with Protocols for data loading.	99%	99.75%	
WO 11	Day	IDR meter data is loaded into ERCOT systems by true-up settlement from the MRE in accordance with Protocols for settlement.	99%	99.75%	
WO 12	Day	EPS meter data is accurate and complete as measured by the percent of data that doesn't change after an initial settlement	99%	99.9%	
		SETTLEMENT & BILLING			
WO 13	Day	Timely settlements per Protocol timelines.	99%	99.90%	
WO 14	Day	Accurate settlements as measured by number of resettlements due to manual data errors	2%	1%	
		MARKET INFORMATION			
WO 15	Day	Wholesale extracts available per Protocol timelines	90%	95%	
		CRR/FTR MANAGEMENT			
WO 16	Dumas	CRR auctions are performed according to Nodal Protocols Requirements (7.5.1)	By end of month	Auction takes less than 5 days to complete and post	
WO 17	Dumas	Monthly de-ratings of CRRs are within acceptable tolerances	80%	95%	
		DISPUTE MANAGEMENT			
WO 18	Day	Process disputes within protocol timelines	95%	98%	



2011

ERCOT KEY PERFORMANCE INDICATOR MATRIX

Renewable Energy Credits

1ST Quarter Reporting Period

			TARGET	STRETCH	PERFORMANCE
		DETERMINE REC OBLIGATIONS AND VERIFY COMPLIANCE			
Renew 1	Day	Fulfill the protocol obligations for RPS mandate calculations and reporting on time and accurately	99%	99.9%	



2011

ERCOT KEY PERFORMANCE INDICATOR MATRIX

Customer Care

1ST Quarter Reporting Period

			TARGET	STRETCH	PERFORMANCE
		ACCOUNT MANAGEMENT			
CC 1	Day	Establish and Maintain Targeted Account Plans and execute per guidelines and schedule.	90%	95%	
CC 2	Day	Create, distribute and post Market Notices per the COPs Communication Guide, Section 5, Appendix A.	95%	98%	
CC 3	Day	Retail and Wholesale Client Service Staff respond/acknowledge MP account management inquiries no later than COB the next Business Day of receipt for those inquiries not involving disputes.	95%	100%	



2011

ERCOT KEY PERFORMANCE INDICATOR MATRIX

Information Technology

1ST Quarter Reporting Period

		TARGET		STRETCH		PERFORMANCE
		IT APPLICATION SERVICES				
IT 1	Morgan	Retail Processing Availability - Bus. Hours and Non bus. hours (Business hours availability under review)	99.2% Bus Hrs 99% Off Hrs	99.5% Bus Hrs 99.2% Off Hrs		
IT 2	Morgan	Texas Market Link Availability	99%	99.5%		
IT 3	Morgan	Texas Market Link Report Explorer Availability	99%	99.5%		
IT 4	Morgan	Retail API Availability	99%	99.5%		
IT 5	Morgan	MarkeTrak Availability	98%	99.5%		
IT 6	Morgan	Congestion Revenue Rights (CRR) Availability	98%	99%		
IT 7	Morgan	Market Information System (MIS) Availability	99%	99.5%		
IT 8	Morgan	Market Management System Aggregate Availability	98%	99.5%		
IT 9	Morgan	Energy Management System Aggregate Availability	99%	99.5%		
IT 10	Morgan	Security Constrained Economic Dispatch (SCED) Availablty No outages greater than 30 consecutive minutes No more than 12 outages per year	99.932%	n/a		
IT 11	Morgan	Load Frequency Control (LFC) Availability No outages greater than 30 consecutive minutes No more than 12 outages per year	99.932%	n/a		
IT 12	Morgan	Outage Scheduler Availability	99%	99.5%		
IT 13	Morgan	Network Model Management System (NMMS) Availability with no more than 2 unplanned outages per month	97%	99%		
		IT STRATEGY & PLANNING				
IT 14	Morgan	Data Center Relocation and Asset Replacement Strategy implemented on time and on budget	W0 - Equipment Feb W1 -Supp & Corporate May FR - Comm Bastrop Control Center June W2 Development Systems June W3 Austin Control Room / EMMS Aug W4 DR cap Aug W5 TCC1 Prod December	System and Control Room relocated - October		



2011

ERCOT KEY PERFORMANCE INDICATOR MATRIX

Other Support and Management Functions

1ST Quarter Reporting Period

		STRATEGY & BUSINESS PLANNING	TARGET	STRETCH	PERFORMANCE
OSM 1	Ruane	Begin program to integrate risk analysis into all major ERCOT cost/benefit, impact analysis, strategic planning, budget preparation and control assessment activities.	* Appointment VP of Risk * Structure Risk Organization * Review current risk profile	n/a	
		INTERNAL AUDIT			
OSM 2	Wullenjohn	Execute the 2011 Internal Audit Plan as approved by the Finance and Audit Committee, and complete the plan by December 31, 2011.	100% completion by year end	106% completion by year end	
		FINANCE			
OSM 3	Petterson	Manage spending to be equal to or less than the board-approved expenditure budget for 2011.	Between 0 - 5 percent favorable variance	Greater than 5 percent favorable variance	
OSM 4	Petterson	Management recommended and board-approved budget filed with the Public Utility Commission of Texas (PUCT)	Fee filing made with PUCT as instructed by the BOD	n/a	
OSM 5	Petterson	SAS70 audit (Type 2)	Unqualified opinion of all control activities	Unqualified opinion of all control activities with no exceptions noted	
		HUMAN RESOURCES			
OSM 6	Ierullo	Retain top talent (Lose no more than 3% of top talent population annually).	3%	0%	
OSM 7	Ierullo	Percent of targeted managers to complete management certificate program annually.	90%	100%	
OSM 8	Ierullo	Number of E-learning courses utilized (assuming average staff level of 600)	1200	1800	
OSM 9	Ierullo	Percent of employees (identified on succession plans) who have completed annual development training	90%	95%	
OSM 10	Ierullo	Percent of critical positions with named successors.	90%	100%	
OSM 11	Ierullo	Identification and review of top talent process.	Completed by end of June	Completed by end of April	
OSM 12	Ierullo	Percent of position filled through college campus recruiting	10%	20%	
OSM 13	Ierullo	Manage training program to enhance career development and skill improvement through the development of Individual Development Plans (IDPs) for the population.	90%	95%	
		FACILITIES/SECURITY			
OSM 14	Morgan	Operate data centers providing availability consistent with data center designed objectives	99.982% Met Center 99.75% No unplanned outages	100%	
OSM 15	Morgan	Update Strategic Facilities Plan	Updated Strategic Facilities Plan completed by July 30th, 2011	Updated Strategic Facilities Plan completed by June 30th, 2011	
OSM 16	Morgan	Detail plan for disposition of the MET Center Facility approved and ready for execution per approved schedule.	No later than September 30, 2011	No later than August 31, 2011	
OSM 17	Manning	Maintain ERCOT ISO's security posture against cyber and physical security threats.	No more than one Stage 2 or Stage 3 cyber or physical security Incident as defined in the Incident Security Response Plan.	No cyber or physical security Incidents as defined in the Incident Security Response Plan.	
		EXTERNAL AFFAIRS			
OSM 18	Gage	Annually, respond to media queries within 24 hours.	95%	100%	
OSM 19	Gage	Annually, provide timely, thorough and accurate news releases on all ERCOT board meetings, major reports and filings, board and officer changes, and other newsworthy events.	95%	100%	
OSM 20	Gage	Annually, ensure postings of current information, reports , and presentations on the ERCOT website and maintain accurate information about ERCOT executives, board members, and general organizational profile.	100%	100%	
OSM 21	Gage	Annually, ensure the completion of an annual report and concise fact sheets for use with external constituents as needed.	100%	100%	
		PROJECT/PROGRAM MANAGEMENT			
OSM 22	Cleary	Deliver projects on-time	n/a	Projects meet planning and execution completion dates. Schedule Metric-Variance between target date and forecast date subject to change control.	
OSM 23	Cleary	Deliver projects within budget	n/a	Projects will have a 0% budget variance subject to change control.	
OSM 24	Cleary	Deliver projects within scope	n/a	100% of scope, requirements and objectives are delivered subject to change control.	