

ERO/RE Timeline and Milestones

| | ERO (NERC) | | RE (ERCOT) |
|-----------------------------|--|--------------------------------|--|
| 2/3/06 | ERO Rule Issued | | |
| 3/5/06 | Registration begins of Bulk Power System users, owners and operators with the ERO & RE per ERO & RE rules | | |
| | | 3/21/06 | Presentation of RE options to Board |
| 4/4/06 | ERO Application filed at FERC by NERC | | |
| | | 4/18/06 | ERCOT Board approval of RE structure requested |
| | | 4/19/06 thru 5/31/06 | Create RE budget, business plan and organization chart; obtain Board approval for final budget |
| | | 5/10/06 | Draft budget due to NERC covering statutory functions |
| | | 6/1/06 | Submit Board-approved budget, business plan and organizational chart to NERC for review (covering <u>both</u> statutory and non-statutory functions) |
| 6/1/06 thru 7/14/06 | NERC review of RE budget, etc. | 7/14/06 | Deadline for RE Board to approve budget (if modified following NERC review) |
| 7/19/06 | Final 2007 NERC Business Plan and Budget (combined ERO and RE budget) submitted to NERC Board | | |
| July thru August 2006 | NERC Certification expected | | |
| 8/2/06 | NERC Board approves ERO & RE Budgets | | |
| 8/25/06 | ERO submits budget to FERC for approval (130 days before beginning of fiscal year). (Budget may propose transitional funding mechanism for up to 18 months from date of certification.) ERO files proposed Reliability Standards for FERC approval ERO files Delegation Agreements (for proposing and enforcing RSS) | | |
| | | 10/1/06 through 10/31/06 | Deadline for Delegation Agreements with ERO to be finalized |
| 11/1/06 | Deadline for FERC Order approving ERO budget and business plan (60 days before beginning of fiscal year) | 11/1/06 | Completion date for creation of RE legal entity |
| 12/1/06 | 1 st Qtr. 2007 assessments for NERC & RE funding issued to LSEs | | |
| 1/1/07 | ERO operation begins | 1/1/07 | RE operation begins |

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