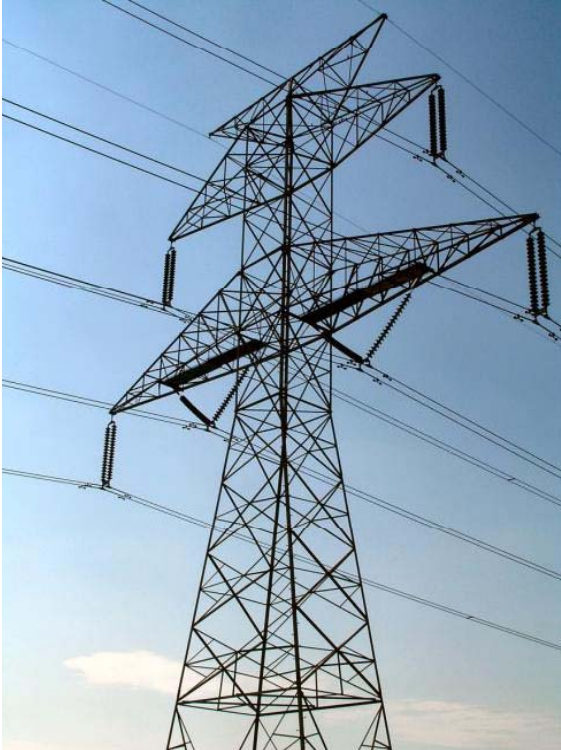


Electric Reliability Council of Texas



2012 – 2016 Strategic Plan





ERCOT

Electric Reliability Council of Texas

Mission

We serve the public by ensuring a reliable grid, efficient electricity markets, open access and retail choice.



Core Values

Accountability

Taking personal responsibility for doing the right things the right way.

Leadership

Developing a vision and ensuring its successful completion.

Innovation

Implementing and operating creative solutions.

Trust

Building confidence and consistency in reliability, truth, and ability.

Expertise

Developing and demonstrating respected skill and knowledge.








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Vision for 2012 – 2016

Proactively communicate resource and transmission adequacy risks to our stakeholders and pursue opportunities to address those risks through emerging technologies and new market products.

Drivers of the Plan:

-  **Generation Adequacy**
-  **Transmission Adequacy**
-  **Maintenance and Evolution of the Nodal Market**
-  **Regulatory Uncertainty**
-  **New and Emerging Technologies**
-  **Talent Development and Retention**



Drivers for 2012 – 2016

Generation Adequacy

ERCOT's role in the competitive market is to provide an outlook for future peak demand and how much generation will be needed to maintain long-term reliability of the electric grid. ERCOT will promote a generation market that is attractive to independent investors, facilitating development of a diverse mix of new resources to efficiently meet the reliability needs of the ERCOT region.

Transmission Adequacy

In order to improve grid reliability and power deliverability as well as to reduce congestion and improve grid efficiency, ERCOT completes system planning studies of the ERCOT transmission system. ERCOT will work with transmission owners and stakeholder committees to ensure a transmission system that cost-effectively meets relevant NERC standards and ERCOT Protocol requirements, facilitates the ERCOT market, and appropriately accounts for low probability events that could have significant market impact.

Maintenance and Evolution of the Nodal Market

There is a correlation between actions taken to ensure reliability and the impact those actions have on prices within the market place. The market should be designed in such a manner to send accurate price signals and drive reliability.

Regulatory Uncertainty

Proposed federal air emission standards and their implementation timelines can impact generation adequacy and reserve margins. Multiple revisions to national cyber security standards and the determination of which federal agency ultimately controls the development and implementation of new standards will impact ERCOT. Recent system-wide events, changes to NERC event analysis requirements and new requirements to support the PUCT in Protocol and Operating Guide enforcement requires close coordination between ERCOT Compliance and state and national regulators.



Drivers for 2012 – 2016

New and Emerging Technologies

ERCOT has enabled wholesale market settlement of 15-minute meter data of up to 6 to 7 million customers using the advanced metering infrastructure (AMI) being deployed by investor-owned Transmission & Distribution Service Providers. The ERCOT ISO will continue to focus its efforts facilitating the development of smart grid demand response among those AMI customers. Residential and small commercial customers comprise a majority of ERCOT peak load and therefore represent huge demand response potential that is largely untapped at present. Fifteen-minute settlement gives Retail Electric Providers an environment conducive to offering pricing incentives combined with load management tools enabled by new technologies, complementing the advanced metering infrastructure. Residential and small commercial demand response capability may be provided through the AMI network gateway or via the internet or other third party options. Future ERCOT market enhancements could allow aggregations of AMI-enabled customers to offer directly into ERCOT's energy and ancillary services markets, improving price elasticity of demand and contributing to electric grid reliability.

Additionally, ERCOT is working with stakeholders on solutions to integrate distributed renewable generation, utility-scale solar energy, and energy storage technologies into its markets.

Talent Development and Retention






The complexity of the ERCOT ISO environment and the technology required to execute its operations and the markets require highly skilled individuals who are in high demand but little supply. ERCOT will be challenged to attract, develop and retain individuals with subject matter expertise and familiarity with ERCOT processes as such attributes will become an increasingly valuable commodity in the market place.



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Objectives for 2012 – 2016

-  **Manage the grid in a manner that maintains a high level of reliability.**
-  **Effectively manage the evolution of the wholesale and retail markets to meet the changing business environment.**
-  **Continue to demonstrate a reputation of excellent reliability performance while meeting the increasingly demanding and complex requirements for compliance.**
-  **Develop and maintain productive external relationships through proactive, effective and comprehensive communication.**
-  **Attract, develop and retain the right people with the right skills in the right position to develop a culture of excellence that empowers, incents, recognizes and celebrates our achievements.**



Objective 1

Manage the grid in a manner that maintains a high level of reliability.

- 1.1** Lead the market in the development and implementation of strategy and policy to integrate emerging technologies (such as storage, demand response, plug-in hybrids, distributed generation, and renewable generation) into the planning and operation of the ERCOT grid.
- 1.2** Study and make recommendations to develop a long-term transmission strategy for the region and mechanism for incorporating that framework into mid-term transmission planning.
- 1.3** Proactively work with Market Participants to ensure operational readiness.
- 1.4** Develop and implement a coordinated oversight process for generation resource interconnection through operation to ensure study, protocol, data and operational sufficiency.
- 1.5** Prepare requirements, develop specifications, and facilitate installation of improved visualization tools for ERCOT's operators.



Objective 2

Effectively manage the evolution of the wholesale and retail markets to meet the changing business environment.

- 2.1** Study and make recommendations to maintain current capacity levels and incentivize new resource entry through the structured evolution of the wholesale market in cooperation with Market Participants and Regulatory bodies.
- 2.2** Develop and devote expertise to recognize and remedy flaws in the market design.
- 2.3** Evaluate opportunities for loads and other technologies (such as energy storage) to participate in the wholesale market.
- 2.4** Ensure appropriate operational changes are implemented to respond to changing regulatory requirements associated with a potential exemption from the Commodity Exchange Act (CFTC).
- 2.5** Ensure credit requirements are appropriate to support continued financial stability within the ERCOT market.
- 2.6** Study and make recommendations in an effort to lead the evolution of the retail market given advanced metering and technology deployment.
- 2.7** Continuously enhance the management and provision of data by partnering with Market Participants to identify, document and implement requirements.
- 2.8** Study and make recommendations to enhance the management and flow of data in the Smart Meter Texas (SMT) data repository.



Objective 3

Continue to demonstrate a reputation of excellent reliability performance while meeting the increasingly demanding and complex requirements for compliance.

- 3.1** Enhance and expand “Culture of Compliance” within ERCOT and Texas Interconnect.
- 3.2** Ensure ownership and compliance with all ERCOT Protocol, NERC and FERC requirements and achieve the best possible Reliability Standards registration state, enforcement engagement and audit performance.
- 3.3** Actively participate in industry committees and in partnership with NERC/FERC and ISO industry experts to address increasing cyber security requirements, changing reliability standards, NAESB standards and business processes.
- 3.4** Collaborate with our stakeholders on Working Groups such as CIP, 693, and TOPMOU.
- 3.5** Prioritize security initiatives to align with IT infrastructure to defend ERCOT ISO sensitive information and critical assets.



Objective 4

Develop and maintain productive external relationships through proactive, effective and comprehensive communication.

- 4.1** Disseminate timely, key messages to inform and educate external constituencies such as the Governor's office, members of the Texas Legislature, the PUCT, other pertinent state and federal agencies, stakeholders within the ERCOT region (Market Participants and Consumers), and the ERCOT Board of Directors.
- 4.2** Expand ERCOT's exposure within Texas, nationally and internationally, by providing expert testimony to "like" entities regarding ERCOT's approach to successfully achieving its organizational mission.
- 4.3** Develop and implement effective outreach strategies for reaching all constituencies during times of grid alerts and appeals for conservation to include the use of social media in addition to media and government relations methods.
- 4.4** Communicate effectively during Texas Legislative and Congressional sessions on issues of importance to ERCOT and the Market by providing timely, accurate and useful resource information regarding how ERCOT serves the public interest of Texas as a trusted and objective independent system operator.
- 4.5** Enhance our understanding, mitigation and communication of risks and their potential impact to ERCOT, its operations and its markets.



Objective 5

Attract, develop and retain the right people with the right skills in the right position to develop a culture of excellence that empowers, incents, recognizes and celebrates our achievements.

- 5.1** Continuously review the organizational structure and skills required to implement needed changes to ensure ERCOT is providing services in the most efficient and cost effective matter.
- 5.2** Drive performance management and talent identification processes.
- 5.3** Provide training that addresses career development and growing skills needed for advancing technologies and changing business drivers.
- 5.4** Enhance the current succession planning process for Executive/Director level positions that looks at the long-term direction of the organization and evaluate the benefits of expanding the process to other positions within the organization.
- 5.5** Capitalize on ERCOT's image as industry leader in Retail, Wholesale and Grid Operations.
- 5.6** Celebrate achievements through reward, recognition and incentive programs.