



The Human Resources & Governance (HR&G) Committee is expected to consider HR&G Committee Agenda Item 8.2: *Recommendation regarding 2014 KPIs* at its meeting on November 18, 2013.

The Board of Directors is expected to hear the HR&G Committee's recommendation on this matter as part of the HR&G Committee Report at the Board meeting on November 19, 2013.

Attached are the Board materials in relation to these agenda items.



Date: November 12, 2013
To: Board of Directors
From: H.B. “Trip” Doggett, President and Chief Executive Officer
Subject: Proposed 2014 ERCOT Key Performance Indicators (KPIs)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: November 19, 2013

Item No.: 9.3

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve the 2014 ERCOT KPIs as recommended by ERCOT staff.

Background/History:

The ERCOT leadership team annually develops specific key performance indicators and corresponding target metrics to drive performance of the organization. The indicators, along with their specific measurements are outlined in the 2014 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 2014.

The Human Resource and Governance (HR&G) Committee will be considering whether to recommend that the Board approve the 2014 KPIs as presented at its meeting on November 18, 2013. A copy of the proposed 2014 KPI Matrix is attached hereto as Attachment A.

Key Factors Influencing Issue:

The 2014 KPIs correlate to ERCOT’s strategic direction of the Board and provide performance measures to the Board and ERCOT leadership and staff.

Conclusion/Recommendation:

The ERCOT leadership team respectfully recommends that the HR&G Committee recommend approval and that the ERCOT Board approve the 2014 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 2014 ERCOT Key Performance Indicators (KPIs) attached hereto as Attachment A; and

THEREFORE, BE IT RESOLVED, that the 2014 ERCOT KPIs, attached hereto as Attachment A, are hereby authorized and approved.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its November 19, 2013 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of November, 2013.

Vickie G. Leady
Assistant Corporate Secretary

TRANSMISSION SYSTEM OPERATION

KPI	Executive	Capability	KPI Description	Target	Stretch	Notes
TSO 1	McIntyre, Kenneth	System Planning	Regional Planning project Review Studies completed on time without substantive errors.	95% completed on time or no more than 1 late if less than 20 projects	90% completed on time	Transitioned to division Business Plan for internal tracking and reporting.
TSO 2	McIntyre, Kenneth	System Planning	Transmission planning projects initiated or significantly improved by ERCOT staff.	10 projects	15 projects	Transitioned to division Business Plan for internal tracking and reporting.
TSO 3	McIntyre, Kenneth	Transmission Connection Management	Generation Interconnection Request (GIR) screening studies completed on time without errors.	95% completed on time or no more than 1 late if less than 20 GIRs	90% completed on time	Transitioned to division Business Plan for internal tracking and reporting.
TSO 1	McIntyre, Kenneth	Grid Security Management / Real Time System Control / Scheduling & Dispatch	Control Performance Standard 1 (CPS1) frequency control performance (rolling 12 month CPS1 score).	> 140	> 150	
TSO 2	McIntyre, Kenneth	Grid Security Management / Real Time System Control / Scheduling & Dispatch	Interconnection Reliability Operating Limit (IROL) exceedance limitations.	None longer than 20 minutes	None longer than 10 minutes	
TSO 3	McIntyre, Kenneth	Outage Coordination / Planning	Outage Coordination performance: requests approved or denied within timeline and with mitigation plans developed if required.	97%	99%	
TSO 7	McIntyre, Kenneth	Outage Coordination / Planning	Network model update accuracy	No more than 3 emergency database loads due to staff error.	No emergency database loads due to staff error.	Transitioned to division Business Plan for internal tracking and reporting.
TSO 4	McIntyre, Kenneth	Forecasting	Operations Load Forecast performance - Mean Average Percent Error (MAPE): monthly average day ahead load forecasts used for DRUC MAPE.	All less than 4.0%	All less than 3.5%	
TSO 5	McIntyre, Kenneth	Forecasting	Wind forecast performance - MAPE based on installed wind capacity; monthly average day ahead wind forecasts used for DRUC MAPE.	All less than 15%	All less than 10%	
TSO 10	McIntyre, Kenneth	Compliance Monitoring & Reporting	Required Planning Report performance	No more than two reports required by PUCT Rule, DOE project, NERC or State law filed late or with errors.	100% of reports required by PUCT Rule, DOE project, NERC or State law completed on time without errors.	Transitioned to division Business Plan for internal tracking and reporting.
TSO 6	Manning, Chuck	Compliance Monitoring & Reporting	Achieve full compliance with NERC/FERC planning and operating standards, OPS, Protocols.	No more than 1 high severity and no more than 3 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.	
TSO 7	Manning, Chuck	Compliance Monitoring & Reporting	Assure property, personnel, and cyber assets are protected (cyber and physical) in accordance with NERC CIP Standards and SSAE16	No more than 1 high severity and no more than 3 total alleged violations from NERC Standards as found in a NERC or TRE initiated CIP CMEP in 2012. SSAE16 - 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 2012.	
TSO 13	Manning, Chuck	Compliance Monitoring & Reporting	Achieve compliance with ERCOT Protocols and Operating Guides by achieving acceptable operating related exceptions from ERCOT Protocols and Operating Guides as found in Protocol Compliance Audit.	No more than 3	Zero	Transitioned to division Business Plan for internal tracking and reporting.
TSO 14	Manning, Chuck	Compliance Monitoring & Reporting	Ensure ERCOT ISO compliance with protocol Section 8 and operating guide Section 9 requirements (include in aggregate above); excluding Self Reports.	95%	100%	Transitioned to division Business Plan for internal tracking and reporting.

RETAIL OPERATION

KPI	Executive	Capability	KPI Description	Target	Stretch	Notes
RO 1	Jones, Brad	Customer Switching / Registry	Conduct retail transaction processing per Protocol timelines	98%	99%	
RO 2	Jones, Brad	Customer Switching & Registry	End use customer switch notifications processed per PUCT rules	99%	99.9%	
RO 3	Jones, Brad	Market Information	Retail extracts available per Protocol timelines	98%	99%	
RO 4	Jones, Brad	Dispute- Management	Manage retail transaction issues and disputes within defined timelines-	96%	98%	Transitioned to division Business Plan for internal tracking and reporting.

WHOLESALE SPOT_CASH

KPI	Executive	Capability	KPI Description	Target	Stretch	Notes
WO 1	Jones, Brad	Bidding, Scheduling & Pricing	Percent of days with successful DAM execution solution completed and posted successfully.	100%	100%	Transitioned to division Business Plan for internal tracking and reporting.
WO 2	Jones, Brad	Bidding, Scheduling & Pricing	DAM executions completed in acceptable timeframe: percent of days with posting solution before 1600.	97%	99%	Transitioned to division Business Plan for internal tracking and reporting.
WO 1	Jones, Brad	Bidding, Scheduling & Pricing	DAM quality of solution as measured with price corrections: percent of hourly prices requiring DAM price correction.	1-3 % of time	< 1 % of time	
WO 4	Jones, Brad	Bidding, Scheduling & Pricing	Number of minimum Ancillary Services Requirements posted after the 20th of each month.	< 2	0	Transitioned to division Business Plan for internal tracking and reporting.
WO 2	Jones, Brad	Bidding, Scheduling & Pricing	SCED solution is solved and posted: percent of 15-minute Settlement Interval prices where price corrections are performed.	1 - 3 %	< 1 %	
WO 6	Jones, Brad	Wholesale Metering, Data Collection & Data Aggregation	AMS interval data is loaded into ERCOT systems by final settlement from the MRE in accordance with Protocols for data loading.	99%	99.75%	Transitioned to division Business Plan for internal tracking and reporting.
WO 7	Jones, Brad	Wholesale Metering, Data Collection & Data Aggregation	IDR meter data is loaded into ERCOT systems by true up settlement from the MRE in accordance with Protocols for settlement.	99%	99.75%	Transitioned to division Business Plan for internal tracking and reporting.
WO 8	Jones, Brad	Wholesale Metering, Data Collection & Data Aggregation	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%	Transitioned to division Business Plan for internal tracking and reporting.
WO 3	Jones, Brad	Settlement & Billing	Timely settlements per Protocol timelines.	99%	99.9%	
WO 4	Jones, Brad	Settlement & Billing	Accurate settlements as measured by number of resettlements due to manual data errors	2%	1%	
WO 5	Jones, Brad	Market Information	Wholesale extracts available per Protocol timelines	98%	99%	
WO 12	Jones, Brad	CRR / FTR Management	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	Transitioned to division Business Plan for internal tracking and reporting.
WO 6	Jones, Brad	CRR / FTR Management	Monthly de-ratings of CRRs are within acceptable tolerances	80%	95%	
WO 14	Jones, Brad	Dispute Management	Process disputes within protocol timelines	95%	98%	Transitioned to division Business Plan for internal tracking and reporting.
WO 7	Ruane, Mark	Strategy & Business Planning	Credit reports are correct and posted in a timely manner.	97%	100%	
WO 8	Jones, Brad	Determine REC Obligations & Verify Compliance	Fulfill the protocol obligations for RPS mandate calculations and reporting on time and accurately	99%	99.9%	

REC_CUSTOMER CARE

KPI	Executive	Capability	KPI Description	Target	Stretch	Notes
R&CC-1	Jones, Brad	Determine REC Obligations & Verify Compliance	Fulfill the protocol obligations for RPS mandate calculations and reporting on time and accurately	99%	99.9%	Moved to WHOLESale SPOT_CASH tab to consolidate.
R&CC-2	Jones, Brad	Account Management	Establish and Maintain Targeted Account Plans and execute per guidelines and schedule.	95%	98%	Transitioned to division Business Plan for internal tracking and reporting.
R&CC-3	Jones, Brad	Account Management	Create, distribute and post Market Notices per the COPS Communication Guide, Section 5, Appendix A.	95%	98%	Transitioned to division Business Plan for internal tracking and reporting.
R&CC-4	Jones, Brad	Account Management	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%	Transitioned to division Business Plan for internal tracking and reporting.

INFORMATION TECHNOLOGY

KPI	Executive	Capability	KPI Description	Target	Stretch	Notes
IT 1	Dreyer, Jerry	IT Application Services	Retail Processing Availability - Bus. Hours	99.5%	99.7%	
IT-2	Dreyer, Jerry	IT-Application-Services	Retail Processing Availability - Non bus. Hours	99%	99.5%	Transitioned to division Business Plan for internal tracking and reporting.
IT-3	Dreyer, Jerry	IT-Application-Services	Retail API Availability	99%	99.5%	Transitioned to division Business Plan for internal tracking and reporting.
IT-4	Dreyer, Jerry	IT-Application-Services	MarkeTrak Availability	98%	99.5%	Transitioned to division Business Plan for internal tracking and reporting.
IT 2	Dreyer, Jerry	IT Application Services	Congestion Revenue Rights (CRR) Availability	98%	99%	
IT 3	Dreyer, Jerry	IT Application Services	Market Information System (MIS) Availability	99%	99.5%	
IT 4	Dreyer, Jerry	IT Application Services	Market Management System Aggregate Availability	99%	99.5%	
IT 5	Dreyer, Jerry	IT Application Services	Energy Management System Aggregate Availability	99%	99.5%	
IT 6	Dreyer, Jerry	IT Application Services	Security Constrained Economic Dispatch (SCED) Availability	99.9%	99.95%	
IT 7	Dreyer, Jerry	IT Application Services	Security Constrained Economic Dispatch (SCED): number of outages greater than 30 consecutive minutes (per quarter)	zero	n/a	
IT 8	Dreyer, Jerry	IT Application Services	Load Frequency Control (LFC) Availability	99.9%	99.95%	
IT 9	Dreyer, Jerry	IT Application Services	Load Frequency Control (LFC): number of outages greater than 30 consecutive minutes (per quarter)	zero	n/a	
IT 10	Dreyer, Jerry	IT Application Services	Outage Scheduler Availability	99%	99.5%	
IT-14	Dreyer, Jerry	IT-Application-Services	Network Model Management System (NMMS) Availability	97%	99%	Transitioned to division Business Plan for internal tracking and reporting.
IT-15	Dreyer, Jerry	IT-Application-Services	HRUC executed every hour: percent of complete HRUC's per month, including ones missed due to database loads and site failover	95%	97%	Transitioned to division Business Plan for internal tracking and reporting.

OTHER SUPPORT_MANAGEMENT

KPI	Executive	Capability	KPI Description	Target	Stretch	Notes
OSM-1	Ruane, Mark	Strategy & Business-Planning	Enterprise risk assessment updated quarterly.	Quarterly update completed	n/a	Transitioned to division Business Plan for internal tracking and reporting.
OSM-2	Ruane, Mark	Strategy & Business-Planning	Credit reports are correct and posted in a timely manner.	97%	100%	Moved to WHOLESale SPOT_CASH tab to consolidate.
OSM-3	Magness, Bill	Strategy & Business-Planning	Successful SSAE16 audit performance	Unqualified opinion	Unqualified opinion with no noted exceptions	Transitioned to division Business Plan for internal tracking and reporting.
OSM-4	Doggett, Trip	Internal Audit	Execute the 2013 Internal Audit Plan as approved by the Finance and Audit Committee, and complete the plan by December 31, 2013.	100% by year end	106% by year end	Transitioned to division Business Plan for internal tracking and reporting.
OSM-5	Petterson, Michael	Finance	Manage spending to be equal to or less than the board-approved expenditure budget for 2013.	Between 0 -- 5% favorable variance	> 5% favorable variance	
OSM-6	Manning, Chuck	Human Resources	Retain top talent (lose no more than 3% of top talent population annually).	3%	0%	Transitioned to division Business Plan for internal tracking and reporting.
OSM-7	Manning, Chuck	Human Resources	Percent of critical positions with named successors.	90%	100%	Transitioned to division Business Plan for internal tracking and reporting.
OSM-8	Manning, Chuck	Human Resources	Manage the ERCOT Training and Professional Development Program according to the approved annual education plan.	90% of planned activities	98% of planned activities	Transitioned to division Business Plan for internal tracking and reporting.
OSM-9	Manning, Chuck	Facilities / Security	Operate data centers providing availability consistent with data center designed objectives.	99.98%	100%	Transitioned to division Business Plan for internal tracking and reporting.
OSM-10	Manning, Chuck	Facilities / Security	Maintain ERCOT ISO's security posture against cyber and physical security threats as defined in the Incident Security Response Plan.	No more than one Stage 2 or Stage 3 cyber or physical security incidents.	Zero Stage 2 or Stage 3 cyber or physical security incidents.	
OSM-11	Gage, Theresa	External Affairs	Number of days Board Press Release is published after the conclusion of the Board meeting.	5	3	Transitioned to division Business Plan for internal tracking and reporting.
OSM-12	Gage, Theresa	External Affairs	Ensure postings of current information, reports and presentations on the ERCOT website and maintain accurate information about the ERCOT organization.	95%	100%	Transitioned to division Business Plan for internal tracking and reporting.
OSM-13	Gage, Theresa	External Affairs	On a weekly basis, distribute list(s) of legislative reporting activity during the Legislative Session.	1 per week	2 per week	Transitioned to division Business Plan for internal tracking and reporting.
OSM-14	Gage, Theresa	External Affairs	Provide weekly E-Wire updates	1 per week	2 per week	Transitioned to division Business Plan for internal tracking and reporting.
OSM-15	Day, Betty	Project / Program Management	Project Portfolio managed within approved Execution schedule.	10%	5%	Transitioned to division Business Plan for internal tracking and reporting.
OSM-16	Day, Betty	Project / Program Management	Project Portfolio managed within approved Execution budget.	10%	5%	Transitioned to division Business Plan for internal tracking and reporting.