Item 4: ERCOT Strategic Planning Process Review

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ERCOT Public
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ERCOT Strategic Planning Process Review

The ERCOT Board, Stakeholders and ERCOT Staff have worked together on the following strategic planning activities:

- 2013 – Crafted a five-year strategic plan detailing the framework for ERCOT to maintain operational reliability, a flexible market design, data transparency and access, and committee strategic alignment.

- 2014 – Considered strategic plan for any needed revisions within current environment.
    - Held sessions with each Segment to review ERCOT business plans and highlight important initiatives.
    - Reviewed 2015 ERCOT strategic goals and initiatives.
    - Revised corporate Key Performance Indicators (KPIs).

ERCOT Strategic Goal Update

Operational Reliability

Strategic Goal	Initiative	Completion / Target
Strategically adapt to changing Resource mix	Filed NPRR667, Ancillary Service Redesign and facilitating workshops to consider stakeholder comments	Filed November 2014; NPRR tabled at PRS pending cost benefit analysis completion (targeted Q2-15)
	Filed NPRR686, Changing the IRR Forecast from Next 48 Hours to Next 168 Hours	Language consideration April PRS
	Developing white paper on Switchable Generation Resources	Scheduled publication Q2-15
	Implementing NPRR615, PVGR Forecasting, to incorporate photovoltaic resource type into ERCOT systems	Scheduled go-live Q4-15
Facilitate transmission planning and improvements	Filed PGRR042, Regional Transmission Plan Model Reserve Requirement and Load-Generation Imbalance Methodology, to formalize load-scaling methodology	Tabled by March 2015 Planning Working Group to consolidate market input
	Developing white paper to describe the load and generation assumption methodology differences between Capacity, Demand and Reserves Report and Planning Models	Collaborating with Planning Working Group to document valid differences and considering if revisions for consistency are appropriate
Improve generation interconnection process	Updated Resource Interconnection Handbook to improve process transparency	December 2014
	Aligned ERCOT Resource Integration department with Planning function to improve linkage between Generation and Transmission Planning	October 2014
	Developing Engineering Development Program module to educate staff on Interconnection process	Target completion Q2-15
	Evaluating web-based application to assist Interconnecting Entities to more efficiently update ERCOT on projected commercial operations dates, unit construction status and air permitting	Conducting internal impact assessment
	Developing Revision Requests to clarify definition of commercial operations date	Scheduled publication Q2-15

Operational Reliability Continued

Strategic Goal	Initiative	Completion / Target
Implement Outage Scheduler enhancements	Worked with stakeholders to create Outage Coordination Task Force to evaluate if outages should be coordinated based on economic criteria and to identify potential improvements	Task force established March 2015
	Implementing SCR774, Enhancements to Outage Scheduler and Reports, which will provide additional transparency into changes made to Outages	Scheduled go-live June 2015
	Implementing Outage Scheduler improvements via NPRR219, Resolution of Alignment Items A33, A92, A106, and A150 - TSPs Must Submit Outages for Resource Owned Equipment and Clarification of Changes in Status of Transmission Element Postings, and SCR783, Outage Scheduler Enhancements	Project initiation scheduled for July 2015
Explore Demand Response and distributed energy resource opportunities	Formed internal ERCOT team to evaluate current processes and document how they relate to distributed energy resources	Q3-14
	Drafting an NPRR to define requirements for limited-participation resources	Scheduled publication Q2-15
	Developing white paper to outline options for distributed energy resource participation in markets	Scheduled publication Q3-15

	Working with market to track growth of retail product offerings for dynamic pricing and other retail demand response incentives:
	  – Reported program counts to Demand Side Working Group
	  – Analyzing responses to price events and shifts in behavior by those reported in Time of Use programs
		– Report published February 2015
		– Scheduled publication of analysis Q3-15

Implement the IT Roadmap	Completed Settlement System Rewrite Project	December 2014

	Major projects in progress:
	  – Market Management System (MMS) / Outage Scheduler (OS) Technology Refresh
	  – Network Model Management System (NMMS) Upgrade
	  – Energy Management System (EMS) Upgrade
		– MMS/OS deployed March 2015; in stabilization
		– NMMS scheduled go-live Q2-16
		– EMS scheduled go-live Q2-16

	Executing Technology Refresh	Staging phases through 2017
Implement Critical Infrastructure Security Roadmap	Continued progress on Critical Infrastructure Security Roadmap implementation	20% complete with 2015 milestones
Enhance Talent Management Process	Implemented career paths and new compensation structure	Q1-15
	Implemented performance review process improvements	Q1-15
	Evaluating management development needs and defining strategy	Target implementation 2016

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Flexible Market Design

Strategic Goal	Initiative	Completion / Target
Implement system changes to improve scarcity pricing during Energy Emergency Alert, Emergency Response Service/ Load Resource deployment	Implementing NPRR626, Reliability Deployment Price Adder	Scheduled go-live June 2015
Work with stakeholders to explore Real-Time Co-optimization of Energy and Ancillary Services	Developed white paper	September 2014
	Supporting stakeholder discussions to further develop the concept of optimal allocation of Resources' capacity between energy and Ancillary Services	Ongoing discussions at regularly scheduled Supply Analysis Working Group, WMS and TAC meetings
Evaluate multi-interval Real-Time market (formerly, multi-interval Security Constrained Economic Dispatch)	Developed white paper	September 2014
	Supporting stakeholder discussions to further develop concept of enabling additional Resources to contribute to Real-Time price formation and to expand access to the Real-Time Energy Market	Ongoing discussions at regularly scheduled Supply Analysis Working Group, WMS and TAC meetings
	Soliciting data from Load Resources to enable market behavior simulations	Data request made to Demand Side Working Group; due to ERCOT March 2015
Improve management of system changes through IT automation and Release Management practices	Optimizing ERCOT release management and change management procedures and processes – Created ERCOT Release Management corporate standard and operating procedures – Identifying process efficiencies across organizational responsibilities	Effort 25% complete; target completion Q1-16 – Corporate standard approved November 2014 – Target completion Q1-16
	Automating systems build processes through the IT Transformation Program and IT Change Management project	40% complete; target completion Q1-16

Data Transparency and Access

Strategic Goal	Initiative	Completion / Target
Initiate Enterprise Content Alignment Program to provide accurate and consistent management of content through ERCOT access points	Established program to streamline the people, processes and tools used to manage and deliver ERCOT content	In planning phase; multi-year effort
Improve communication consistency of Grid conditions	Electronic Crisis Communications Enhancements project delivered the following: – Updated Today's Outlook graph actual values from hourly to five minutes on ERCOT.com and Mobile App – Aligned Mobile App labels, legend, information text and timestamp with ERCOT.com – Added Operating Reserve value to Mobile App and ERCOT.com	Q1-15
Develop data services to support long-term Market Participants needs	Engaging in market forums to discuss potential changes for external web services strategy	In progress; last discussion March 2015 Market Information System Users Group
Implement Governance Risk and Compliance tool in support of operating controls and procedures	Implementing Governance Risk and Compliance system: – Mapping System Operations controls to NERC requirements – Reviewing ERCOT must/shall/will Protocol requirements and controls	Target completion Q1-16 – Mapping 90% complete – Protocol review 15% complete
	Developing Compliance Roadmap	Target completion Q4-15

Committee Strategic Alignment

Strategic Goal	Initiative	Completion / Target
Further develop and enhance the ERCOT strategic and business planning processes	Incorporating business plan maintenance into management routines – Established business plans for each business area – Developed business plan initiative reporting for executive management	– Plans established 2014 – Reporting developed March 2015
	Improving workflows to reduce redundant management requests – Utilized business plans to seed budget discussions – Gathered line management identified risks to support executive management discussions	– Plans used in budget prep Q1-15 – Reviewed risks January 2015
	Piloting strategic product roadmaps	Targeting Grid Planning & Operations and Commercial Operations roadmaps in 2015
Streamline Other Binding Documents (OBD) process	Identified candidate documents for consolidation: – Filed NPRR671, Incorporation of DAM Credit Parameters into Protocols – Drafting additional Revision Requests to incorporate OBDs into Protocols or Market Guides	Documented list Q3-14 – NPRR671 scheduled for April Board – Additional revisions to be filed in 2015
	Evaluating posting options to increase transparency	Target completion Q4-15
Implement approach for measuring post-project benefits	Developed value statement measurement framework for projects greater than $250k	Q1-15
	Piloting process on a subset of projects	Target pilot completion Q2-15
Maintain Executive level representation at TAC and Director/Manager level representation at subcommittees	Designated ERCOT management participation in each voting committee	Ongoing

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Upcoming Segment Sessions and Request for Feedback

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2015 Proposed Activities:

- April
  - Review approach with HR&G Committee
  - Provide questions to Board Members to obtain Segment input in preparation for summer sessions

- June
  - Schedule Segment facilitated calls for July

- July
  - Facilitate sessions with Board Members and Segments to review Segment feedback, key ERCOT strategic goals, and any needed updates to Strategic Plan, KPIs or goals (week of July 20th)

- October
  - Review 2016 ERCOT strategic goals with Board and obtain feedback on proposed edits to Strategic Plan, KPIs or goals

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Upcoming Segment Sessions and Request for Feedback

Seeking HR&G Committee input on areas ERCOT is requesting Segment input to help frame summer discussions:

- What did ERCOT do well in 2014?

- Are there initiatives ERCOT should give higher priority?

- What initiatives should ERCOT focus less on?

- What are 3-5 key strategic issues ERCOT will experience in the next five years?