Date: December 6, 2016
To: Board of Directors
From: Bill Magness, President and Chief Executive Officer
Subject: 2017 ERCOT Key Performance Indicators (KPIs)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: December 13, 2016
Item No.: 11.1

Issue:
Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve the 2017 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 2017 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 2017.

The Human Resource and Governance (HR&G) Committee is expected to consider whether to recommend that the Board approve the 2017 KPIs as presented at its meeting on December 12, 2016. A copy of the proposed 2017 KPI Matrix is attached hereto as Attachment A.

Key Factors Influencing Issue:
The 2017 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 recommends that the HR&G Committee recommend approval and that the ERCOT Board approve the 2017 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 2017 ERCOT Key Performance Indicators (KPIs) attached hereto as Attachment A; and

THEREFORE, BE IT RESOLVED, that the 2017 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 December 13, 2016 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of December, 2016.

_____
Vickie G. Leady
Assistant Corporate Secretary

KPI Identifier	Executive	Capability	KPI Description	Target	Stretch
RG 1	Rickerson, Woody	Grid Security Management / Real Time System Control / Scheduling & Dispatch	Control Performance Standard 1 (CPS1) frequency control performance (rolling 12 month CPS1 score).	> 140	> 150
RG 2	Rickerson, Woody	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
RG 3	Rickerson, Woody	Outage Coordination / Planning	Outage Coordination performance: requests approved or denied within timeline and with mitigation plans developed if required.	97%	99%
RG 4	Rickerson, Woody	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%
RG 5	Rickerson, Woody	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%
RG 6	Day, Betty	Compliance Monitoring & Reporting	Achieve compliance with NERC/FERC Standards.	No significant violations found in a NERC Compliance Audit	N/A
~~RG 7~~	~~Day, Betty~~	~~Compliance Monitoring & Reporting~~	~~Achieve compliance with ERCOT protocols~~	~~No significant violations of ERCOT protocols~~	~~N/A~~
RG 8	Day, Betty	Compliance Monitoring & Reporting	Achieve compliance with SSAE16 controls.	No exceptions found in an SSAE16 audit	N/A
RG 9	Dreyer, Jerry	IT Application Services	Energy Management System Tier 1 Aggregate Availability	All Tier 1 systems meet or exceed defined SLAs	N/A
RG 10	Dreyer, Jerry	IT Application Services	Energy Management System Tier 2 Aggregate Availability	Achieve ~~99%~~ 99.9% availability for 10 of 11 Tier 2 systems	Achieve ~~99%~~ 99.9% availability for all Tier 2 systems
RG 11	Dreyer, Jerry	IT Application Services	Security Constrained Economic Dispatch (SCED) Availability	~~99.9%~~ 99.95%	~~99.95%~~ 100%
RG 12	Dreyer, Jerry	IT Application Services	Security Constrained Economic Dispatch (SCED): number of unplanned outages greater than 30 consecutive minutes (per quarter)	Zero	N/A
RG 13	Dreyer, Jerry	IT Application Services	Outage Scheduler Availability	99%	99.5%
RG 14	Dreyer, Jerry	IT Application Services	Network Model Management System (NMMS) Availability	99%	99.5%
RG_i 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.	99%	99.5%
RG_i 16	Dreyer, Jerry	IT Application Services	No loss of VSAT/TSAT application functionality for 30 continuous minutes or longer, excluding invalid solutions due to State Estimator dependencies and planned site failovers.	3 per Quarter	1 per Quarter
RG_i 17	Rickerson, Woody	System Planning	Regional Planning project Review Studies completed on time without substantive error.	95% complete on time or no more than 1 late if less than 20 projects.	99% complete on time.
RG_i 18	Rickerson, Woody	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	100% completed on time
RG_i 19	Rickerson, Woody	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 error.	100% of reports required by PUCT Rule, DOE project, NERC or State law completed on time without errors.
EM 1	Ogelman, Kenan	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
EM 2	Ogelman, Kenan	Bidding, Scheduling & Pricing	SCED solution is solved and posted: percent of 15-minute Settlement Interval prices where price corrections are performed.	0.5% -- 1%	< 0.5%
EM 3	Ogelman, Kenan	Settlement & Billing	Achieve timely settlements, per Protocol defined timelines.	99%	100%
EM 4	Ogelman, Kenan	Settlement & Billing	Perform accurate settlements as measured by the percent of Operating Day and operating month settlement that does not require a correction as a result of an error in the settlement and billing systems or processes.	98%	99.9%
EM 5	Ogelman, Kenan	Market Credit	Credit reports are correct and posted in a timely manner.	98%	100%

KPI Identifier	Executive	Capability	KPI Description	Target	Stretch
EM 6	Gage, Theresa	Market Information	Wholesale extracts available per Protocol timelines.	98%	99%
EM 7	Dreyer, Jerry	IT Application Services	Congestion Revenue Rights (CRR) Availability	99%	99.5%
EM 8	Dreyer, Jerry	IT Application Services	Market Management System Aggregate Availability	99%	99.5%
EM_i 9	Ogelman, Kenan	Bidding, Scheduling & Pricing	Percent of days with successful DAM execution solution completed and posted successfully.	100%	n/a
EM_i 10	Ogelman, Kenan	Bidding, Scheduling & Pricing	DAM executions completed in acceptable timeframe: percent of days with posting solution before 1600.	98%	100%
EM_i 11	Ogelman, Kenan	Bidding, Scheduling & Pricing	Ancillary Services Requirements posted for the year.	Posted by December 20th of the previous year for the current year	N/A
EM_i 12	Ogelman, Kenan	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%
EM_i 13	Ogelman, Kenan	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%
EM_i 14	Ogelman, Kenan	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%
EM_i 15	Ogelman, Kenan	CRR Management	CRR auctions are performed according to Nodal Protocols Requirements (7.5.1). CRR auctions results are validated and posted as required by the CRR Activity Calendar.	All Monthly Auctions and LTASs are posted on time per the CRR Activity Calendar	All Monthly Auctions are posted on time and all LTASs are posted one week earlier than required by the CRR Activity Calendar
EM_i 16	Gage, Theresa	Dispute Management	Process disputes within protocol timelines.	98%	100%
EM_i 17	Gage, Theresa	Client Services	Establish and Maintain Account Plans and execute per guidelines and schedule.	98%	100%
EM_i 18	Gage, Theresa	Account Management	Achieve "Very Satisfied" or "Satisfied" ratings on annual survey of Account Management services.	90% satisfied or highly satisfied	95% satisfied or highly satisfied
OARC 1	Ogelman, Kenan	Customer Switching / Registry	Conduct retail transaction processing per Protocol timelines.	98%	99%
OARC 2	Ogelman, Kenan	Customer Switching / Registry	End use customer switch notifications processed per PUCT rules.	99%	100%
OARC 3	Gage, Theresa	Market Information	Retail extracts available per Protocol timelines.	98%	99%
OARC 4	Dreyer, Jerry	IT Application Services	Retail Processing Availability - Bus. Hours	~~99.5%~~ 99.9%	~~99.7%~~ 99.95%
OARC 5	Dreyer, Jerry	IT Application Services	Market Information System (MIS) Availability	99%	99.5%
OARC_i 6	Dreyer, Jerry	IT Application Services	Retail Processing Availability - Non bus. Hours	99%	99.5%
OARC_i 7	Dreyer, Jerry	IT Application Services	Retail API Availability	99%	99.5%
OARC_i 8	Dreyer, Jerry	IT Application Services	MarkeTrak Availability	99%	99.5%
OARC_i 9	Ogelman, Kenan	Dispute Management	Manage retail transaction issues and disputes within defined timelines.	96%	98%
OSM 1	Petterson, Michael	Finance	Manage spending to be equal to or less than the board-approved expenditure budget for 2016.	Between 0 -- 5% favorable variance	n/a
OSM 2	Day, Betty	Security	Maintain ERCOT ISO's security posture against cyber security threats as defined in the Security Incident Response Plan.	Zero externally reportable cyber security incidents	N/A
OSM 3	Day, Betty	Security	Maintain ERCOT ISO's security posture against physical security threats as defined in the Security Incident Response Plan.	Zero externally reportable physical security incidents	N/A
OSM_i 4	Dreyer, Jerry	IT Application Services	Operate data centers providing availability consistent with data center designed objectives.	99.98%	100%
OSM_i 5	Magness, Bill	Internal Audit	Execute the Internal Audit Plan as approved by the Finance and Audit Committee, ~~and complete the plan~~ having all audit projects in process by end of year.	100% in process by year end	N/A
OSM_i 6	Gage, Theresa	Corporate Communications	ERCOT Energy Emergency Alert Communications -- Corporate Communications provides follow-up communications and media/public notifications per Crisis Communications Procedure.	100%	N/A