



The Human Resources and Governance (HR&G) Committee is expected to consider HR&G Committee Agenda Item 5.2:

**Recommendation regarding
Proposed 2021 ERCOT KPIs**

at its Urgent meeting on December 7, 2020.

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 Urgent Board meeting on December 8, 2020.

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



Item 5.2: Recommendation Regarding Proposed 2021 ERCOT KPIs

Kristi Hobbs

Director, Enterprise Risk Management &
Strategic Analysis

Urgent Human Resources and Governance
Committee Meeting

ERCOT Public
December 7, 2020

2021 Proposed ERCOT KPIs

1. Maintain current set of key performance indicators and corresponding metrics with minor edits to drive performance of the organization.
2. Revise target measurement for finance KPI on managing spending to be equal to or less than the Board-approved expenditure budget.
3. Eliminate an internal metric related to planning report performance that is no longer relevant.

Historical Number of KPIs

Year	Total KPIs	Reported to Board	Tracked Internally
2011	77	77	0
2012	70	70	0
2013	67	67	0
2014	61	30	31
2015	53	30	23
2016	52	30	22
2017	51	29	22
2018	51	29	22
2019	51	29	22
2020	51	29	22
2021	50	29	21

The number of 2021 KPIs tracked would adjust to 50 (29 Board reported and 21 internal).

2021 KPI Recommendation – Reliable Grid

KPI Identifier	Executive	Capability	KPI Description	Target	Stretch
RG 1	Rickerson	Grid Security Management	Control Performance Standard 1 (CPS1) frequency control performance (rolling 12 month CPS1 score)	> 140	> 150
RG 2	Rickerson	Grid Security Management	Interconnection Reliability Operating Limit exceedance limitations	None longer than 20 minutes	None longer than 10 minutes
RG 3	Rickerson	Outage Coordination / Planning	Outage Coordination performance: requests approved or denied within timeline and with mitigation plans developed if required	97%	99%
RG 4	Rickerson	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	Forecasting	Wind forecast performance: MAPE based on installed wind capacity: monthly average day ahead wind forecasts used for DRUC MAPE	All less than 10%	All less than 8%
RG 6	Rickerson	Forecasting	Solar forecast performance - MAPE based on installed solar capacity: monthly average day ahead solar forecasts used for DRUC MAPE.	All less than 15%	All less than 10%
RG 7	N/A	N/A	RG7 intentionally left blank	N/A	N/A
RG 8	Day	Compliance Monitoring & Reporting	Achieve compliance with SOC controls	No exceptions found in an SOC audit	N/A
RG 9	Parakkuth	IT Application Services	Energy Management System Tier 1 Aggregate Availability	All Tier 1 systems meet or exceed defined SLAs	N/A
RG 10	Parakkuth	IT Application Services	Energy Management System Tier 2 Aggregate Availability	Achieve 99.9% availability for 10 of 11 Tier 2 systems	Achieve 99.9% availability for all Tier 2 systems
RG 11	Parakkuth	IT Application Services	Security Constrained Economic Dispatch (SCED) Availability	99.95%	100%
RG 12	Parakkuth	IT Application Services	SCED: number of unplanned outages greater than 30 consecutive minutes (per quarter)	Zero	N/A
RG 13	Parakkuth	IT Application Services	Outage Scheduler Availability	99%	99.5%
RG 14	Parakkuth	IT Application Services	Network Model Management System (NMMS) Availability	99%	99.5%

2021 KPI Recommendation – Reliable Grid (Internal)

KPI Identifier	Executive	Capability	KPI Description	Target	Stretch
RG_i 15	Parakkuth	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	Parakkuth	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	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	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 <u>Removed N/A</u>	Rickerson	Compliance Monitoring & Reporting <u>N/A</u>	Required Planning Report performance <u>RG_i 19 intentionally left blank</u>	No more than two reports required by PUCT Rule, DOE project, NERC or State law filed late or with error. <u>N/A</u>	100% of reports required by PUCT Rule, DOE project, NERC or State law completed on time without errors. <u>N/A</u>
RG_i 20	Rickerson	Operations Training	Achieve "Very Satisfied" or "Satisfied" ratings on ERCOT Operator training surveys	90% satisfied or highly satisfied	95% satisfied or highly satisfied

2021 KPI Recommendation – Efficient Markets

KPI Identifier	Executive	Capability	KPI Description	Target	Stretch
EM 1	Ögelman	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	Ögelman	Bidding, Scheduling & Pricing	SCED solution is solved and posted: percent of 15-minute Settlement Interval prices where price corrections are performed. This measure includes corrections from routine work (e.g., database loads and site failover).	0.25% - 1%	<0.25%
EM 3	Ögelman	Settlement & Billing	Achieve timely settlements, per Protocol defined timelines.	99%	100%
EM 4	Ögelman	Settlement & Billing	Perform accurate settlements as measured by the percent of statements/invoices that do not require a correction as a result of an error in the settlement and billing systems or processes.	98%	99.9%
EM 5	Ögelman	Market Credit	Credit reports are correct and posted in a timely manner.	98%	100%
EM 6	Gage	Market Information	Wholesale extracts available per Protocol timelines.	98%	99%
EM 7	Parakkuth	IT Application Services	Congestion Revenue Rights (CRR) Availability	99%	99.5%
EM 8	Parakkuth	IT Application Services	Market Management System Aggregate Availability	99%	99.5%

2021 KPI Recommendation – Efficient Markets (Internal)

KPI Identifier	Executive	Capability	KPI Description	Target	Stretch
EM_i 9	Ögelman	Bidding, Scheduling & Pricing	Percent of days with successful DAM execution solution completed and posted successfully	100%	N/A
EM_i 10	Ögelman	Bidding, Scheduling & Pricing	DAM executions completed in acceptable timeframe: percent of days with posting solution before 1600	98%	100%
EM_i 11	N/A	N/A	EM_i 11 intentionally left blank.	N/A	N/A
EM_i 12	Ögelman	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	Ögelman	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	Ögelman	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	Ögelman	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	N/A
EM_i 16	Gage	Dispute Management	Process disputes in time for resolution by the next available settlement statement per Protocol timelines or Client Services resolution targets	98%	100%
EM_i 17	Gage	Client Services	Complete Market Participant outreach (site visits, WebEx, telephone or email) according to Client Services annual outreach plan	98%	100%
EM_i 18	Gage	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

2021 KPI Recommendation – Open Access & Retail Choice (Board & Internal)

KPI Identifier	Executive	Capability	KPI Description	Target	Stretch
OARC 1	Ögelman	Customer Switching / Registry	Conduct retail transaction processing per Protocol timelines	98%	99%
OARC 2	Ögelman	Customer Switching / Registry	End use customer switch notifications processed per PUCT rules	99%	100%
OARC 3	Gage	Market Information	Retail extracts available per Protocol timelines	98%	99%
OARC 4	Parakkuth	IT Application Services	Retail Processing Availability - Bus. Hours	99.9%	99.95%
OARC 5	Parakkuth	IT Application Services	Market Information System (MIS) Availability	99%	99.5%
OARC_i 6	Parakkuth	IT Application Services	Retail Processing Availability - Non bus. Hours	99%	99.5%
OARC_i 7	Parakkuth	IT Application Services	Retail API Availability	99%	99.5%
OARC_i 8	Parakkuth	IT Application Services	MarkeTrak Availability	99%	99.5%
OARC_i 9	Ögelman	Dispute Management	Manage retail transaction issues and disputes within defined timelines	96%	98%

2021 KPI Recommendation – Other Support & Management Functions (Board & Internal)

KPI Identifier	Executive	Capability	KPI Description	Target	Stretch
OSM 1	Taylor	Finance	Manage spending to be equal to or less than the board-approved expenditure budget	Between 0 – 5% Zero or favorable variance	N/A
OSM 2	Day	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	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	Parakkuth	IT Application Services	Operate data centers providing availability consistent with data center designed objectives	99.98%	100%
OSM_i 5	Magness	Internal Audit	Execute the Internal Audit Plan as approved by the Finance and Audit Committee having all audit projects either completed or in process by end of year	100% in process by year end	N/A
OSM_i 6	Gage	Corporate Communications	ERCOT Energy Emergency Alert Communications: Corporate Communications provides follow-up communications and media/public notifications per Crisis Communications Procedure	100%	N/A



Date: December 1, 2020
To: Board of Directors
From: Bill Magness, President and Chief Executive Officer
Subject: 2021 ERCOT Key Performance Indicators (KPIs)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: December 8, 2020

Item No.: 12.1

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve the 2021 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 2021 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 2021.

The Human Resource and Governance (HR&G) Committee will be considering whether to recommend that the Board approve the 2021 KPIs as presented at its Urgent HR&G Committee meeting on December 7, 2020. A copy of the proposed 2021 KPI recommendation is attached hereto as Attachment A.

Key Factors Influencing Issue:

The 2021 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 2021 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 2021 ERCOT Key Performance Indicators (KPIs) attached hereto as Attachment A.

THEREFORE, BE IT RESOLVED, that the 2021 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 8, 2020 urgent 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, 2020.

Vickie G. Leady
Assistant Corporate Secretary

Attachment A: 2021 Key Performance Indicator (KPI) Recommendation

KPI Identifier	Executive	KPI Description	Target	Stretch
RG 1	Rickerson	Control Performance Standard 1 (CPS1) frequency control performance (rolling 12 month CPS1 score).	> 140	> 150
RG 2	Rickerson	Interconnection Reliability Operating Limit (IROL) exceedance limitations.	None longer than 20 minutes	None longer than 10 minutes
RG 3	Rickerson	Outage Coordination performance: requests approved or denied within timeline and with mitigation plans developed if required.	97%	99%
RG 4	Rickerson	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%
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RG 6	Rickerson	Solar forecast performance - MAPE based on installed solar capacity: monthly average day ahead solar forecasts used for DRUC MAPE.	All less than 15%	All less than 10%
RG 7 - Removed	N/A	RG 7 intentionally left blank.	N/A	N/A
RG 8	Day	Achieve compliance with SOC controls	No exceptions found in an SOC audit	N/A
RG 9	Parakkuth	Energy Management System Tier 1 Aggregate Availability	All Tier 1 systems meet or exceed defined SLAs (99.90%)	N/A
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EM_i 17	Gage	Complete Market Participant outreach (sitevisits, web-ex, telephone or e-mail) according to Client Services annual outreach plan	98%	100%
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