Item 7: Strategic Goal Update and Review of Q2 2022 Key Performance Indicators (KPIs)

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Human Resources and Governance Committee Meeting

ERCOT Public
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ERCOT Objectives & Key Results (OKR) Process

- Established internally annually in Q4 for the next year to:
  - Align work to our strategy
  - Prioritize work based on strategic alignment and enterprise risk mitigation
  - Promote accountability and set clear expectations

- Review process:
  - February and August report to the ERCOT Board
  - Regular internal check points and bi-monthly Executive reporting
  - Progress is reported and obstacles are managed
  - Enterprise priorities are reviewed and revised as necessary

2022 ERCOT Enterprise OKRs

1 Improve grid reliability

2 Complete market-facing initiatives advancing reliable operations, market systems and data transparency

3 Implement improvements in technological capabilities and financial processes

2022 ERCOT Enterprise OKRs

Objective 1: Improve grid reliability

	Key Results (as measured by)	
🟢	Develop a program to implement the PUCT Rule for **weatherization**.	Nov-22, pending PUCT Ph. 2 rulemaking
🟢	Implement key milestones for improving **integration of new resources types**.	Dec-22
🟢	Design and deliver key components for the 2024 **Energy Management System** (EMS) upgrade (PR320-01).	Dec-22

✔ Complete   🟢 On Track   🔴 Not Trending

2022 ERCOT Enterprise OKRs

Objective 2: Complete market-facing initiatives advancing reliable operations, market systems and data transparency

Key Results (as measured by)		
🔴	Complete all the **RIOO** system components to allow retirement of the RARF spreadsheets (PR106-01).	Aug-22
🟢	Implement key milestones for **PUCT directed Market Redesign** by delivering instructed market design changes.	Dec-22
✔️	Implement NPRR1093 **Load Resource Participation in Non-Spinning Reserve** (PR384-01) by Summer 2022.	May-22
🟢	Establish **Firm Fuel Service**.	Dec-22
🟢	Implement **Fast Frequency Response (FFR) Advanced** changes (PR325-01).	Oct-22
🟢	Implement key milestones for **Creation of ERCOT Contingency Reserve Service (ECRS)** (PR386-01) changes which are targeting implementation by Summer 2023 (before EMS freeze).	Dec-22

✔️ Complete   🟢 On Track   🔴 Not Trending

2022 ERCOT Enterprise OKRs

Objective 3: Implement improvements in technological capabilities and financial processes

Key Results (as measured by)		
🔴	Procure and install key components of the aging data center infrastructure for the **DC5 Infrastructure refresh** (PR342-00).	Dec-22
🟢	Establish project to automate **treasury** processes to reduce financial and operational risks and gate to planning phase by the end of Q3-2022.	Sep-22
✔️	Complete HB4492 Subchapter N Phase 1 project (PR379-01) to enable the design and automation of new treasury, credit and daily invoicing functions to recover the $2.1B **securitization** funds over the next 30 years.	Mar-22
🟢	Secure **securitization** financing for HB4492 Subchapter N: $2.1 Billion in bonds in Q2-2022 and begin Market Participant invoicing for uplift charges in Q3-2022.	Sept-22

✔️ Complete   🟢 On Track   🔴 Not Trending

Q1-Q2 2022 Key Performance Indicator (KPI) Summary

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

	YTD - 2022			Q2 - 2022			Q1 - 2022		
	Stretch	Target	Below	Stretch	Target	Below	Stretch	Target	Below
Reliable Grid									
Grid Security Management									
Outage Coordination / Planning									
Forecasting									
Compliance Monitoring & Reporting									
IT Application Services	50%	50%		50%	50%		67%	33%	
Efficient Electricity Markets									
Bidding, Scheduling and Pricing							50%	50%	
Settlement & Billing	50%	50%					50%	50%	
Market Credit									
Market Information									
IT Application Services									
Open Access & Retail Choice									
Customer Switching / Registry									
Market Information									
IT Application Services	50%		50%	50%		50%			
Other Support and Management Functions									
Finance									
Security									
Total number of KPIs tracked:	29			29			29		
% meeting Stretch:	69%			72%			72%		
% meeting Target:	28%			25%			28%		
% below Target:	3%			3%			0%		

Q1-Q2 2022 KPI Detail – Reliable Grid

KPI ID	KPI Description	2022 Target Performance	2022 Stretch Performance	2022 YTD	Q2	Q1
Grid Security Management						
RG 1	Control Performance Standard 1 (CPS1) frequency control performance (rolling 12 month CPS1 score)	>140	> 150	All scores greater than 150	April-172.25%, May-172.65%, June-172.67%	Jan-169.60%, Feb-171.30%, March-171.65%
RG 2	Interconnection Reliability Operating Limit (IROL) exceedance limitations	None longer than 20 minutes	None longer than 10 minutes	No Exceedances	No Exceedances	No Exceedances
Outage Coordination / Planning						
RG 3	Outage Coordination performance: requests approved or denied within timeline and with mitigation plans developed if required	97%	99%	99.82%	99.90%	99.74%
Forecasting						
RG 4	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%	All less than 3.5%	2.78%	3.19%
RG 5	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%	All less than 8%	April-3.93%, May-4.51%, June-3.93%	Jan-3.60%, Feb-5.20%, March-3.30%
RG 6	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%	All less than 10%	April-4.47%, May-4.76%, June-4.24%	Jan-4.61%, Feb-4.91%, March-5.41%
Compliance Monitoring & Reporting						
RG 8	Achieve compliance with SOC controls	No exceptions found in a SOC audit	N/A	Controls reviewed by new auditor; testing in process.	Controls reviewed by new auditor; testing in process.	Testing not yet started for SOC audit

RG7 is intentionally left blank.

Q1-Q2 2022 KPI Detail – Reliable Grid

KPI ID	KPI Description	2022 Target Performance	2022 Stretch Performance	2022 YTD	Q2	Q1
IT Application Services						
RG 9	Energy Management System Tier 1 Aggregate Availability	All Tier 1 systems meet or exceed defined SLAs (99.90%)	N/A	100%	100%	100%
RG 10	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	100%	100%	100%
RG 11	Security Constrained Economic Dispatch (SCED) Availablity	99.95%	100%	99.99%	99.99%	100%
RG 12	Security Constrained Economic Dispatch (SCED): number of unplanned outages greater than 30 consecutive minutes (per quarter)	Zero	N/A	Zero	Zero	Zero
RG 13	Outage Scheduler Availability	99%	99.5%	100%	100%	100%
RG 14	Network Model Management System (NMMS) Availability	99%	99.5%	100%	100%	100%

Q1-Q2 2022 KPI Detail – Efficient Electricity Markets

KPI ID	KPI Description	2022 Target Performance	2022 Stretch Performance	2022 YTD	Q2	Q1
Bidding, Scheduling and Pricing						
EM 1	DAM quality of solution as measured with price corrections: percent of hourly prices requiring DAM price correction	1-3 % of time	< 1 % of time	0.54%	0%	1.10%
EM 2	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%	0%	0%	0%
Settlement & Billing						
EM 3	Achieve timely settlements per Protocol defined timelines	99%	100%	100%	100%	100%
EM 4	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%	99.67%	100%	99.35%
Market Credit						
EM 5	Credit reports are correct and posted in a timely manner	98%	100%	100%	100%	100%
Market Information						
EM 6	Wholesale extracts available per Protocol timelines	98%	99%	99.95%	99.99%	99.90%
IT Application Services						
EM 7	Congestion Revenue Rights (CRR) Availability	99%	99.5%	100%	100%	100%
EM 8	Market Management System Aggregate Availability	99%	99.5%	100%	100%	100%

Q1-Q2 2022 KPI Detail – Open Access & Retail Choice

KPI ID	KPI Description	2022 Target Performance	2022 Stretch Performance	2022 YTD	Q2	Q1
Customer Switching / Registry						
OARC 1	Conduct retail transaction processing per Protocol timelines	98%	99%	99.99%	99.99%	99.99%
OARC 2	End use customer switch notifications processed per PUCT rules	99%	100%	100%	100%	100%
Market Information						
OARC 3	Retail extracts available per Protocol timelines	98%	99%	100%	100%	100%
IT Application Services						
OARC 4	Retail Processing Availability - Business Hours	99.90%	99.95%	99.84%	99.68%	100%
OARC 5	Market Information System (MIS) Availability	99%	99.5%	99.95%	99.92%	99.97%

Q1-Q2 2022 KPI Detail – Other Support & Management Functions

KPI ID	KPI Description	2022 Target Performance	2022 Stretch Performance	2022 YTD	Q2	Q1
Finance						
OSM 1	Manage spending to be equal to or less than the board-approved expenditure budget	Zero or favorable variance	N/A	10.0%	7.7%	12.4%
Security						
OSM 2	Maintain ERCOT ISO's security posture against cyber security threats as defined in the Security Incident Response Plan	Zero externally reportable cyber security compromises	N/A	Zero	Zero	Zero
OSM 3	Maintain ERCOT ISO's security posture against physical security threats as defined in the Security Incident Response Plan	Zero externally reportable physical security compromises	N/A	Zero	Zero	Zero