



Item 10: Reliability Monitor Update

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Vice President, Legal and Compliance

Board of Directors Meeting

ERCOT Public

April 7-8, 2025

Overview

- **Purpose**

Update Board members about ERCOT Reliability Monitor (ERM) activities

- **Voting Items / Requests**

No Board action requested; for discussion only

- **Key Takeaways:**

- Since inception in November 2022, ERM has opened 332 investigations concerning Market Participant and ERCOT conduct
- ERM has referred 134 completed investigations to the PUC Enforcement Division, some of which have resulted in significant fines
- Due to high intake volume, ERM is exploring a streamlined investigation process concerning lower risk and/or lower impact matters

Background: ERM Responsibilities

November 3, 2022 PUC Order

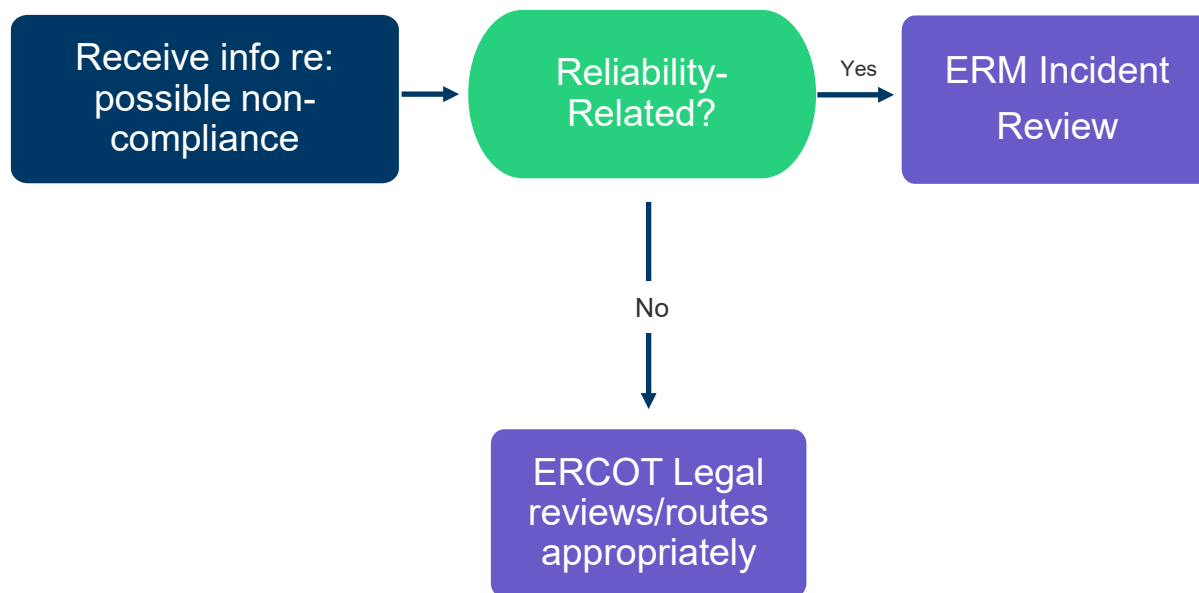
- PUC directed ERCOT to serve as ERM, effective immediately

ERM Function (16 TAC § 25.503(k))

- Under PUC direction/supervision:
 - Monitor/Investigate/Audit/Report to PUC on Reliability Requirements
 - Provide subject matter advice, expertise, and assistance to PUC Enforcement staff for oversight and enforcement activities
 - Provide expert advice, analysis, reports, and testimony in enforcement proceedings
 - ERM employees acknowledge and are bound by a code of conduct

Key Takeaway: ERM supports PUC Enforcement Division on compliance and acts independently

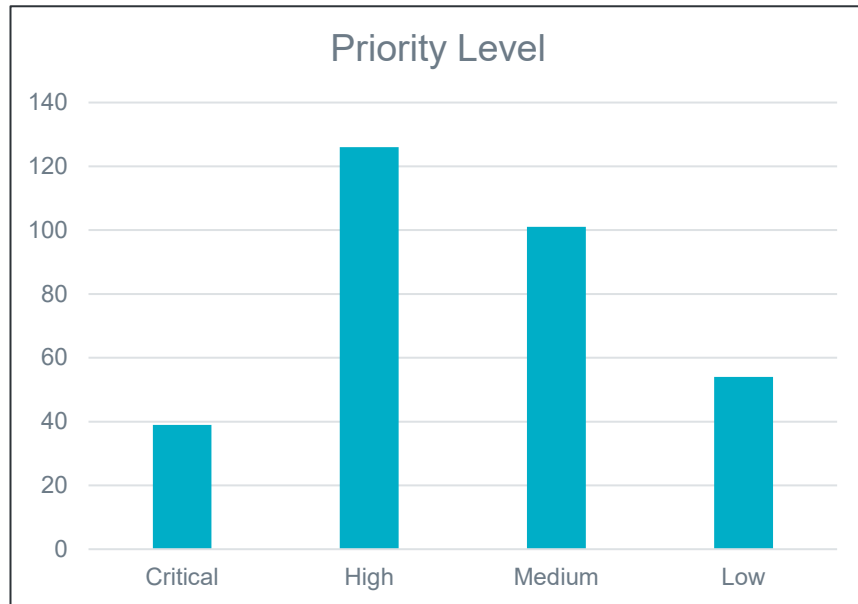
Background: ERM Process



- ERCOT Legal and Compliance triage incidents of potential non-compliance to determine path of investigation
 - ERM reviews issues related to **state reliability requirements** (non-NERC)
- Incident Reviews can be initiated by:
 - Direct notification by MP, PUC Enforcement staff, or ERCOT employee
 - Internal routine compliance monitoring and review conducted by ERCOT

ERM Performance Metrics

November 2022 – March 2025: **332 Total Investigations** (11.9/month)



Key Takeaway: ERM has referred 134 Incident Reviews to PUC Enforcement Division (4.8/month), which includes 74 referrals to PUC since the last Board update in April 2024

ERM Referral Activity Summary

PUC Settlements

Tracking No.	Description	Penalty Collected
ERM2022-003	Odessa 2 Event (Ride-through Failure)	\$435,000
ERM2022-002	Ancillary Services (NSRS, GREDP, Capacity); Primary Frequency Response; Quick Start	\$375,000
ERM2023-073	Ancillary Services – Voltage Support	\$264,000
ERM2022-010 ERM2023-013	ERS: Deployment and Testing; Ancillary Services Capacity	\$240,000
ERM2023-024	ERS: Testing	\$230,000
ERM2022-006	Ancillary Services (Capacity; NSRS)	\$125,000
ERM2023-069 ERM2023-099	16 TAC 25.55 Failure to Provide Hot Weather Temp Data	\$92,437
ERM2023-098	Failure to Provide Hot Weather Temp Data	\$41,650
ERM2022-011 ERM2023-015	ERS: Availability & Deployment	\$40,000
	TOTAL:	\$2,062,087

ERM Referral Activity Summary Cont.

Pending Settlements (awaiting PUC approval)

Tracking No.	Description	Proposed
ERM2023-040	Elliott: Failure to Timely Update Outage Scheduler	\$500,000
ERM2022-014 ERM2023-020	ERS: Deployment & Testing; Ancillary Services (GREDP); Compliance w/ Dispatch Instructions	\$490,000
ERM2023-140	16 TAC 25.55	\$400,000
ERM2023-141; 142; 144; 151	Failure to timely provide PSSE V35 model data	\$390,000
ERM2023-073	Ancillary Services – Voltage Support	\$328,000
ERM2023-006	Ancillary Services (GREDP); Compliance w/ Dispatch Instructions	\$303,000
ERM2022-009 ERM2023-009	ERS: Deployment	\$200,000
ERM2023-014	ERS: Testing & Deployment	\$140,000
ERM2022-003	Odessa 2 Event (Ride-through failure)	\$100,000
ERM2023-109	Elliott: Failure to Timely Update Outage Scheduler	\$20,000
	TOTAL:	\$2,871,000



ERM Budget for Calendar Year 2024

- **Calendar Year 2024 Budget: \$1,989,939** (\$1,812,829 in 2023)
 - Direct Cost Assignment: \$1,244,470
 - Tier 1 Cost Allocation: \$378,089
 - Tier 2 Cost Allocation: \$367,380
- **Direct Cost Assignment**: Costs directly/solely attributable to ERM program (e.g., salaries, benefits, and employee expenses)
- **Tier 1 Indirect Cost Allocation (based on discrete drivers)**: Costs not directly/solely attributable to ERM program but associated with discrete cost driver – assigned by driver (incl. HR, facilities, and IT) and uses number of employees, physical space, and hardware/software support costs
- **Tier 2 Indirect Cost Allocation (based on general allocators)**: Costs not directly or indirectly assigned – allocated proportionally based on Direct Cost assignment and Tier 1 (e.g., accounting, corporate communications, cybersecurity, and enterprise risk management)

Appendix

ERM Public Webpage (<https://www.ercot.com/about/reliability-monitor>)

[Home](#) > [About ERCOT](#) > ERCOT Reliability Monitor Program

ERCOT Reliability Monitor Program

On November 3, 2022, the Public Utility Commission (PUC) issued an order directing ERCOT to assume the duties and responsibilities of the Reliability Monitor for the Texas power grid. ERCOT, acting as the Reliability Monitor, gathers and analyzes information and data to meet its monitoring obligations as required by 16 TAC § 25.503(k), under the direction of the PUC.

REPORT VIOLATION: To report occurrences of potential non-compliance with any part of the Public Utility Regulatory Act (PURA), PUC Substantive Rules, ERCOT Protocols, ERCOT Operating Guides, or ERCOT Other Binding Documents in the ERCOT region, email ERM@ercot.com.



ERCOT's Role as the ERCOT Reliability Monitor (ERM):

1. Assess the compliance of both ERCOT and ERCOT Market Participants with Texas electric reliability laws (including, PURA, PUC Substantive Rules, ERCOT Protocols and Other Binding Documents)
2. Assist PUC Staff in reliability-related compliance and enforcement activities
3. Support PUC Staff in enforcement proceedings (e.g., providing expert advice, analysis, reporting, and testimony)
4. Maintain a communications plan with PUC Staff to ensure effective coordination and communication on ERM activities