



Item 16: Reliability Monitor Update

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Board of Directors Meeting

April 20-21, 2026

Purpose

Update Board members about Reliability Monitor activities

For information only

No action requested; for discussion only

Key Takeaways

- Opened 460 investigations of Market Participants and ERCOT since November 2022
- Referred 215 completed investigations to PUC Enforcement Division (some resulted in significant fines)
- Due to high intake volume, worked with PUC Enforcement to create streamlined process for lower risk/impact matters (78 investigations)

Reliability Monitor Responsibilities

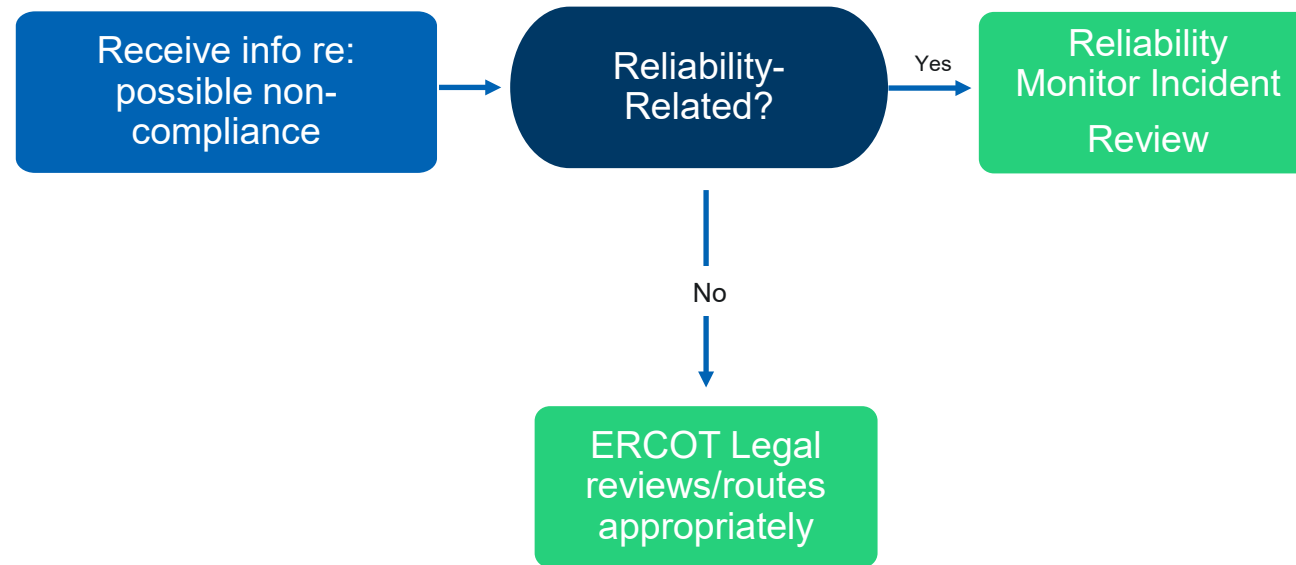
Function (16 Tex. Admin. Code § 25.503(k))

- Under PUC direction/supervision:
 - Monitor/Investigate/Audit/Report to PUC on Reliability Requirements
 - Provide subject matter advice, expertise, analysis, reports, and testimony in enforcement proceedings as needed

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



Reliability Monitor Process



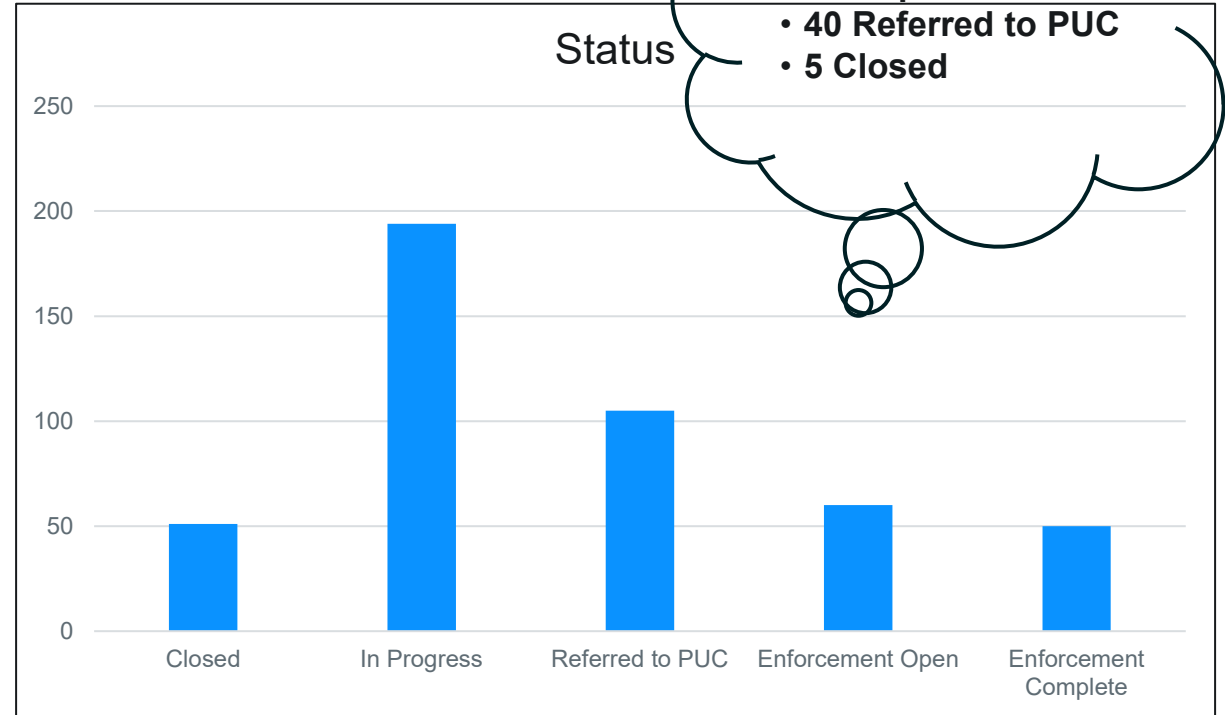
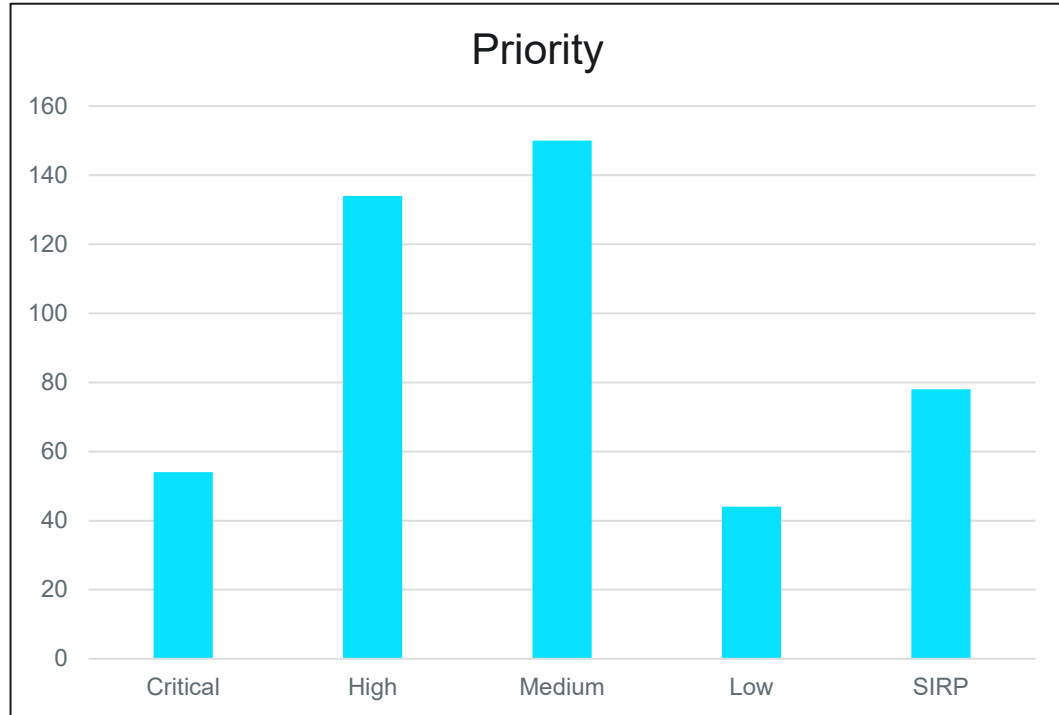
- Triages incidents of potential non-compliance to determine investigation path
 - Reviews issues related to **state-level reliability requirements** (non-NERC)
- Incident Reviews initiated by:
 - Direct notification by Market Participant, PUC Enforcement staff, or ERCOT employee
 - Routine compliance monitoring and review by ERCOT and Reliability Monitor (vast majority)

Reliability Monitor 2026 Activities

- ERM Public Web Page refresh (<https://www.ercot.com/about/reliability-monitor>)
- Training for ERCOT employees and Market Participants
 - Target: 3rd Quarter
- Audits
 - ERCOT Weatherization Inspections (16 Tex. Admin. Code § 25.55)
 - Resource Entity Compliance with Automatic Voltage Regulator Testing Requirements (NOG § 2.2.5(2))
 - 5-year and 10-year requirement
- On-going Incident Reviews of potential violations

Performance Metrics

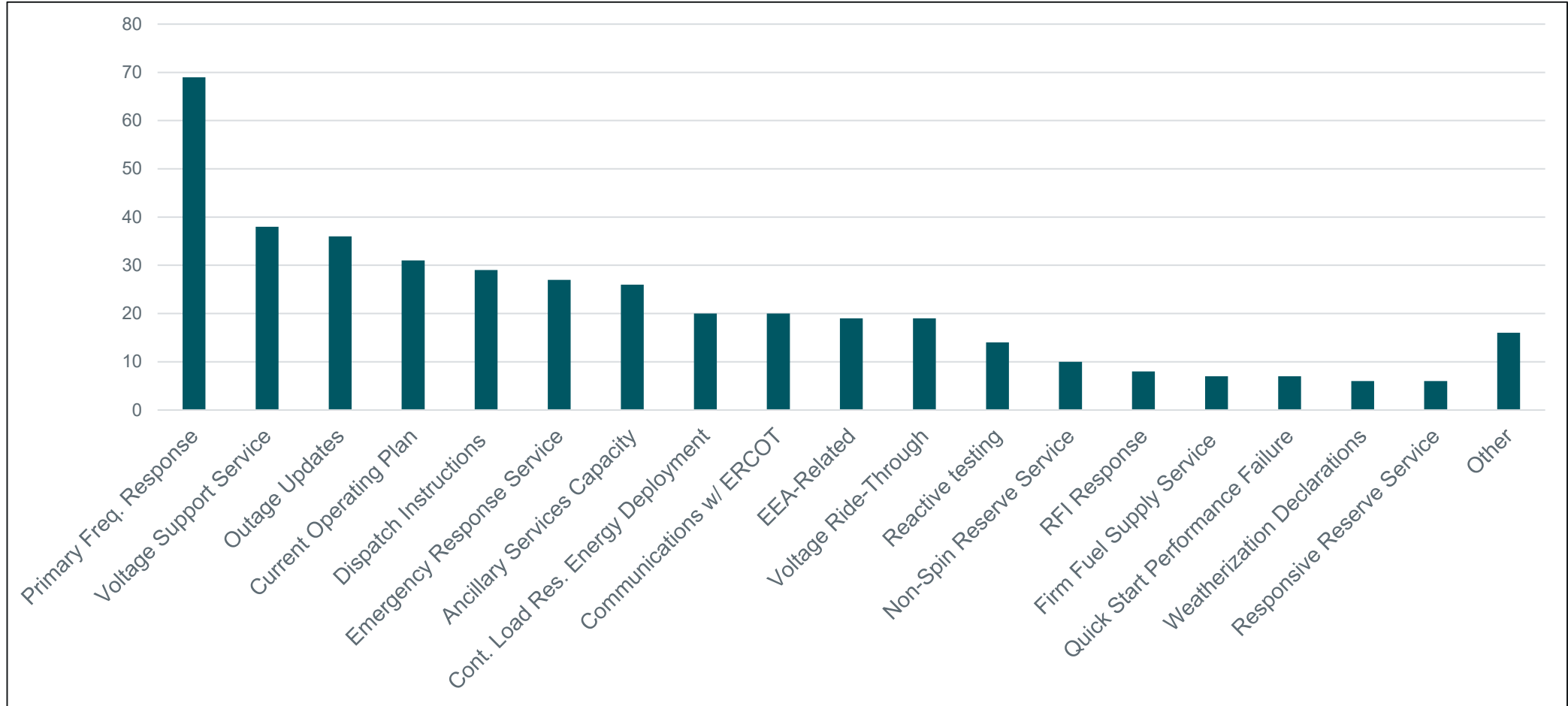
November 2022 – March 2026: **460 Total Incident Reviews**



Key Takeaway: 460 Incident Reviews; referred 215 to PUC Enforcement Division yielding ~\$5.2 million in administrative penalties

Most Frequent Issues

November 2022 – March 2026



Budget for Calendar Year 2025

- **Budget: \$2,006,279** (\$1,989,939 in 2024)
 - Direct Cost assignment: \$1,206,307
 - Tier 1 Cost Allocations: \$348,171
 - Tier 2 Cost Allocations: \$451,801

Direct Cost assignment: Costs directly/solely attributable to program (e.g., salaries, benefits, and employee expenses) – **7.8 FTEs for 2026**

Tier 1 Indirect cost assignment (based on discrete drivers): Costs not directly/solely attributable to program but associated with discrete cost driver - assigned by driver (incl. HR, facilities, and IT) – uses number of employees, physical space, hardware/software support costs

Tier 2 Indirect cost assignment (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 A - Referral Activity Summary

PUC Settlements

Description	Penalty Collected
Voltage Ride-through Failure	\$739,000
Weatherization	\$400,000
Ancillary Services (Non-Spin Reserve Service (NSRS); Generation Resource Energy Deployment Performance (GREDP); Capacity); Primary Frequency Response (PFR); Quick Start	\$375,000
Ancillary Services – Voltage Support	\$326,500
Emergency Response Service (ERS) Deployment and Testing; Ancillary Services Capacity	\$240,000
ERS Testing	\$230,000
PFR	\$219,000
Failure to Update Outage Scheduler (during Winter Storm Elliott)	\$195,000
Ancillary Services (Capacity; NSRS)	\$125,000

Appendix A - Referral Activity Summary

PUC Settlements

Description	Penalty Collected
16 Tex. Admin. Code § 25.55 - Failure to Provide Hot Weather Temp Data	\$92,437
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ERS Testing and Deployment	\$90,000
Failure to timely provide PSS/e V35 Model	\$90,000
Failure to Provide Hot Weather Temp Data	\$41,650
ERS Availability & Deployment	\$40,000
Total:	\$3,296,024
Increase Since Last Year:	\$1,233,937

31 Warning Letters Issued

Appendix - Referral Activity Summary

Pending Settlements (awaiting PUC approval)

Description	Proposed
ERS: Deployment and Testing; Ancillary Services (GREDP); Compliance w/ Dispatch Instructions	\$490,000
Voltage Ride-through Failure	\$445,000
Ancillary Service Failures (Various)	\$353,500
Ancillary Services (GREDP); Compliance w/ Dispatch Instructions	\$240,000
ERS: Deployment	\$200,000
Weatherization	\$75,000
Telemetry	\$68,402
Failure to timely provide PSS/e V35 Model	\$40,000
Total:	\$1,911,902
Total Collected + Pending:	\$5,207,926