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**SELECTION OF THE RELIABILITY § PUBLIC UTILITY COMMISSION
MONITOR FOR THE ERCOT §
POWER REGION § OF TEXAS**

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S
2025 RELIABILITY MONITOR EXPENSES PAID AND
2026 FIRST QUARTER ACTIVITY REPORT**

Pursuant to the Public Utility Commission of Texas' (Commission) *Order Directing ERCOT to Serve as Reliability Monitor* (Commission's Order), Electric Reliability Council of Texas, Inc. (ERCOT) Reliability Monitor (ERM) hereby submits its 2025 Reliability Monitor Expenses Paid and 2026 First Quarter Activity Report.¹

I. BACKGROUND

On November 3, 2022, the Commission issued the Commission's Order directing ERCOT to assume the duties and responsibilities of the reliability monitor for the ERCOT Region in accordance with 16 Texas Administrative Code (TAC) § 25.503(j)(6).

As more particularly detailed in the ERM's *Scope of Work*,² in its ERM function, ERCOT is charged with monitoring, investigating, auditing, and reporting to the Commission on matters related to the compliance of ERCOT and ERCOT Market Participants with the reliability-related provisions of the Public Utility Regulatory Act (PURA), the Commission's Substantive Rules, and ERCOT Protocols and Other Binding Documents (collectively, Reliability Requirements), as well as providing subject matter advice, expertise, and assistance with the Commission's reliability-related compliance and enforcement activities.

Pursuant to the Commission's Order, (i) no later than April 15, 2023 and then at least once every three months thereafter, ERCOT must file a report summarizing its ERM activities of the previous quarter in a format accessible by the public, and (ii) starting April 2024 and then included with the first quarter report every year thereafter, ERCOT must provide a report of ERM activities that summarizes expenses paid related to ERM operations for the previous year.

¹ Order Directing ERCOT to Serve as Reliability Monitor at 2 (Nov. 3, 2022).

² See generally, Electric Reliability Council of Texas, Inc.'s Scope of Work, Codes of Conduct and Communications Plan at Attachment 1 (Jan. 3, 2023).

II. 2025 RELIABILITY MONITOR EXPENSES PAID

In Calendar Year (CY) 2025, ERCOT paid expenses totaling **\$2,006,279** for ERM activities, which includes direct costs (\$1,206,307), indirect costs assigned based on discrete drivers (\$348,171), and indirect costs assigned based on general allocators (\$451,801). The three categories of costs are described below.

The ERCOT cost allocation model informs management and the Commission of the full cost of delivering the various programs of ERCOT's mission. For CY 2025, ERCOT assigned costs to the following programs:

1. Perform Grid Operations
2. Conduct Grid Planning
3. Integrate Resources into ERCOT System
4. Conduct Weatherization Inspections
5. Manage Network Topology Models
6. Perform Commercial Operations
7. Facilitate Retail Market
8. Manage Regulatory Policy Changes
9. Manage External Relationships
10. Administer Specialized Power System Technical Training
11. Perform Scenario-Based Data Science
12. Manage External Data Reporting
13. Independent Market Monitor
14. Reliability Monitor

Through the allocation model, ERCOT directly or indirectly assigns all costs, including administrative and support costs, to those programs using reasonable methods based on the nature of the cost drivers. ERCOT's allocation model uses three general methods of cost assignment. ERCOT assigns each cost using one of the three methods, with cost assignments assigned from most direct to least direct:

1. Direct cost assignment: ERCOT assigns all costs directly and solely attributable to an individual program through direct cost assignment. For example, ERCOT directly assigns

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to the Reliability Monitor program salary, benefits, and expenses of employees performing Reliability Monitor functions.

2. Indirect cost assignment based on discrete drivers: ERCOT assigns costs not directly and solely attributable to one program but associated with a discrete cost driver to programs by driver. These costs include items such as human resources, facilities, and information technology support with drivers such as number of employees, physical space usage, and hardware/software support costs.
3. Indirect cost assignment based on general allocators: ERCOT allocates remaining costs neither directly nor indirectly assigned via a discrete driver in one of the previous two tiers proportionally based on total costs assigned in tiers one and two. Examples of these costs include accounting, corporate communications, cybersecurity, and enterprise risk management costs.

ERM employee salaries, benefits, and taxes comprise more than half the total cost for the ERM function. For CY 2025, the ERM included 4.9 Full-Time Equivalents (FTEs) based on the time allocation percentages in the table below.

ERM Employees (End of CY 2025)

Role	Percentage FTE dedicated to ERM
Director, Compliance Analysis	10%
Senior Manager, Operations & Planning Compliance	50%
Reliability Monitor Analyst Lead	100%
Reliability & Compliance Analyst II	100%
Reliability Monitor Analyst II	75%
Reliability Monitor Analyst II	25%
Senior Vice President, Regulatory Policy, General Counsel, and Chief Compliance Officer	2.5%
Vice President, Legal and Compliance	10%
Assistant General Counsel – Regulatory	50%
Corporate Counsel, Sr. – Regulatory	25%
Corporate Counsel – Legal/Regulatory	40%

Administrative Assistant II	0.25%
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III. 2026 FIRST QUARTER ACTIVITY REPORT

The Commission’s Order also directs ERCOT to file a quarterly report summarizing its ERM activities from the previous quarter. The following information applies to the First Quarter (Q1) of 2026.

A. Executive Summary

The ERM opened 31 new Incident Reviews:

Priority ³	No. of Incident Reviews
Critical	6
High	3
Medium	9
Low	5
Streamlined	8
Total	31

The ERM referred eighteen Incident Reviews to the Commission’s Division of Compliance and Enforcement (DICE) involving potential violations of the following Reliability Requirements:

- Failure to comply with ERCOT data requests;
- Emergency Response Service (ERS) Resource testing;
- Primary Frequency Response (PFR) performance; and
- Controllable Load Resource (CLR) Energy Deployment Performance (CLREDP).

³ The ERM assesses an event’s impact on ERCOT System reliability and categorizes events such as the loss of generation, frequency, or voltage excursions, etc. as “Critical.” The ERM categorizes other events as “High,” “Medium,” or “Low” depending on such factors as: number and size of the facilities involved, if the event is local versus widespread, whether an issue relates to only an administrative matter, etc. In collaboration with DICE, the ERM began using a streamlined incident review process (SIRP) for non-compliance events posing a minimal risk to ERCOT System reliability.

B. Changes to Reliability Requirements to Promote Improved Reliability

The ERM is tracking the following Revision Requests that could impact ERCOT System reliability:

Nodal Protocols Revision Request (NPRR) 1307	Revised Definition of Mitigation Plan
NPRR 1308	Large Electronic Load Ride-Through Requirements
NPRR 1309	Dispatchable Reliability Reserve Service Ancillary Service
NPRR 1310	Dispatchable Reliability Reserve Service Plus Energy Storage Resource Participation and Release Factor
NPRR 1315	Changes to Process of Evaluating the Potential Needs for Additional Capacity
NPRR 1317	Creation of Non-Settled Generator (NSG) and Clarification of the Types, Usage, and Registration of Distributed Generation
NPRR 1319	Modifications to Seasonal Mothball Periods and Clarifications to Evaluation Process
Nodal Operating Guide Revision Request (NOGRR) 281	Revised Definition of Mitigation Plan
NOGRR 282	Large Electronic Load Ride-Through Requirements
NOGRR 283	Dispatchable Reliability Reserve Service Ancillary Service
NOGRR 284	Dispatchable Reliability Reserve Service Plus Energy Storage Resource Participation and Release Factor
Planning Guide Revision Request (PGRR) 136	Large Load Interconnection Study Scope Documentation
PGRR 138	Large Load Interconnection Study Review and Approval Process
PGRR 140	Related to NPRR1317, Creation of Non-Settled Generator (NSG) and Clarification of the Types, Usage, and Registration of Distributed Generation
PGRR 141	Large Load Interconnection Study Reform for Substantiated Load

In addition to the foregoing, the ERM continues working with Subject Matter Experts (SMEs) on the following issues to improve ERCOT System reliability:

- Self-Limiting Facilities (SLF);
- Generic Transmission Constraints (GTC);
- Voltage ride-through and support;

- Operational issues with Intermittent Renewable Resources (IRR) when curtailed; and
- Telemetry accuracy

C. Routine Compliance Monitoring

In addition to investigating individual potential violations, the ERM performed routine monitoring activities of Market Participant and ERCOT compliance with Reliability Requirements. Specifically, ERM analysts monitor compliance with the following Reliability Requirements⁴ each month:

- Qualified Scheduling Entity (QSE) and Resource Ancillary Service Qualification and Testing Compliance – § 8.1.1.1 (1)
- Quick Start Generation Resource (QSGR) Performance – § 8.1.1.2(17)(a)
- Generation Resource Energy Deployment Performance (GREDP) for Non-Intermittent Renewable Resources – § 8.1.1.4.1(6)
- GREDP for IRRs – § 8.1.1.4.1(7)
- CLREDP – § 8.1.1.4.1(8)
- Energy Storage Resource (ESR) Energy Deployment Performance (ESREDP) – § 8.1.1.4.1(9)
- Responsive Reserve (RRS) Energy Deployment Performance – § 8.1.1.4.2(4)-(7)
- Non-Spinning Reserve Service (NSRS) Energy Deployment Performance – § 8.1.1.4.3(3)(a), (3)(c), (3)(d), and (4)
- ERCOT Contingency Reserve Service (ECRS) Energy Deployment Performance – § 8.1.1.4.4(1)
- ERS Performance and Testing – § 8.1.3
- Testing of ERS Resources – § 8.1.3.2(1)(a)(ii)
- Availability – § 8.1.3.3.3(1)(a)
- Event Performance – § 8.1.3.1.4(3)(a)
- Primary Frequency Response (PFR) Performance – § 8.5.1.1(1), 8.5.2.1(1)
- 12-Month Rolling Average – Nodal Operating Guides § 2.2.8(1)

⁴ References are to ERCOT Nodal Protocols unless otherwise noted.

- Designation of Transmission Operators (TO) – § 16.19(1)

For each category, ERM analysts download data from the ERCOT Market Information System (MIS) or other sources to validate failures before analyzing performance and comparing performance data to performance metrics to determine incidents to include in a quarterly report to DICE. The ERM initiates new Incident Reviews following these analyses.

D. Overall State of ERCOT System Reliability

The overall state of ERCOT System reliability is good. The ERM continues to identify the following areas of concern:

- Generic Transmission Constraints (GTC) affecting dispatch patterns;
- High Sustained Limit (HSL) issues for IRRs when curtailed;
- Voltage ride-through by Inverter-based Resources; and
- Large Load energizations.

E. 2026 Compliance Audits

The ERM has begun work on two compliance audits for 2026. The first audit will assess ERCOT's performance and compliance with 16 TAC § 25.55 addressing weather emergency preparedness. ERCOT has responded to the ERM's first Request for Information (RFI) and ERM personnel are currently reviewing the responses.

The second audit will assess Market Participant compliance with Nodal Operating Guides § 2.2.5(2) related to Automatic Voltage Regulator (AVR) testing. The ERM issued a Market Notice regarding this audit on February 10, 2026 (attached as **Appendix A**) and sent an RFI to ERCOT regarding Market Participant submission of AVR test results. ERCOT has responded to the first RFI and ERM personnel are currently reviewing the responses.

The ERM stands ready to provide any additional information the Commission requests.

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Dated: April 15, 2026

Respectfully submitted,

/s/ Matthew Arth

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ATTORNEYS FOR ELECTRIC
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INC.

Appendix A

NOTICE DATE: February 10, 2026

NOTICE TYPE: M-B021026-01 General

SHORT DESCRIPTION: Notice of ERCOT Reliability Monitor (ERM) Compliance Audit

INTENDED AUDIENCE: Resource Entities

DAYS AFFECTED: January 1, 2016 through December 31, 2025

LONG DESCRIPTION: Pursuant to the ERM Scope of Work approved by the Public Utility Commission of Texas (PUC), the ERM will conduct an audit of Market Participant compliance with Nodal Operating Guides 2.2.5(2):

2.2.5 Automatic Voltage Regulators

(2) Resource Entities shall conduct tests for the purpose of model verification on AVRs or verify AVR performance through comparison with operational data a minimum of every ten calendar years. All new Generation Resources shall conduct an AVR test as prescribed in paragraph (4) of Protocol Section 8.1.1.2.1.4, Voltage Support Service Qualification, within five years of the initial AVR test approved as part of the commissioning process. All subsequent tests shall be conducted on a ten year cycle.

(a) Resource Entities will provide the test data or verified dynamic models to ERCOT by submittal to the Net Dependable Capability and Reactive Capability (NDCRC) application located on the MIS Secure Area or by updated its Resource Registration information respectively.

If the ERM needs any information from you in connection with the audit, you will hear directly from ERM staff.

ADDITIONAL INFORMATION: After completing the compliance audit, the ERM will report the results to the PUC.

CONTACT: If you have any questions, please contact the ERM at ERM@ercot.com. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via email at ClientServices@ercot.com.

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