

# **Compliance Spot Check Report Public Version**

**Electric Reliability Council of Texas, Inc.**

**NERC ID # NCR04056**

**Confidential Information (including Privileged and  
Critical Energy Infrastructure Information)  
Has Been Removed**

Spot Check Date: September 10-15, 2010  
Spot Check Location: Texas Reliability Entity Office, Austin, TX  
Report Date: February 15, 2011  
Prepared By: Curtis Crews, Spot Check Team Leader

---

## TABLE OF CONTENTS

1.0	Executive Summary .....	3
2.0	Audit Process.....	3
2.1	Objectives .....	3
2.2	Scope.....	4
2.3	Methodology .....	4
2.4	Company Profile .....	5
2.5	Spot Check Specifics .....	5
3.0	Spot Check Results .....	6
3.1	Spot Check Findings.....	6
3.2	Conclusion.....	6
3.3	Compliance Culture .....	7

---

## 1.0 EXECUTIVE SUMMARY

A Spot Check of Electric Reliability Council of Texas, Inc. (ERCOT ISO) for NERC Reliability Standard PRC-001-1 was conducted on September 10-15, 2010. The NERC Reliability Standards included in the Spot Check scope were reviewed based on ERCOT ISO's registration as the Transmission Operator.

The SPOT Check was initiated based on the following event:

On May 8, 2009 at approximately 23:44 ERCOT ISO experienced a firm load loss event initiated by the failure of a capacitor bank at the American Electric Power Service Corporation Airline substation. Per the provided reports and documentation, during the event, Citgo North Oak Park Unit #3 tripped. During review of documentation provided during event analysis it was noted that Citgo North Oak Park Unit #3 had tripped April 11, 2009 and May 4, 2009 under similar circumstances.

The Spot Check team reviewed the applicable NERC Reliability Standards for the period of time identified in the scope of the Spot Check. The Spot Check team reviewed the evidence and documentation provided by ERCOT ISO and conducted interviews with ERCOT ISO's personnel to assess compliance with standards applicable to ERCOT ISO at this time as identified in the scope of the Spot Check.

There was a total of one (1) reliability standard included in the scope of this Spot Check. Based on the information and documentation provided by ERCOT ISO, the Spot Check team found ERCOT ISO to have no issues of non-compliance with applicable requirements.

ERCOT ISO provided evidence to indicate no issues of non-compliance for all of the NERC Standard requirements that were within the scope of this Spot Check. These Spot Check results are further explained in the Spot Check Results Findings section of this report which includes detailed information of the Spot Check team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance Spot Check.

There were no ongoing or recently completed mitigation plans for the NERC registered functions reviewed by the Spot Check team.

## 2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at [www.nerc.com](http://www.nerc.com). The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

### 2.1 Objectives

All Registered Entities are subject to audit for compliance with all reliability standards applicable to the functions for which the Registered Entity is registered.<sup>1</sup> The audit objectives are:

---

<sup>1</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

- Independently review ERCOT ISO's compliance with the requirements of the reliability standards that are applicable to ERCOT ISO based on the ERCOT ISO registered functions included in the scope of this Spot Check.
- Document ERCOT ISO's compliance culture.

## **2.2 Scope**

The scope of this compliance Spot Check is inclusive of all requirements of the NERC Reliability Standard PRC-001-1 that were identified by the Spot Check team at the time of the Spot Check applicable to a Transmission Operator. The Spot Check was performed by members of Texas RE.

At the time of the Spot Check, ERCOT ISO was registered as a Transmission Operator. The Spot Check team evaluated ERCOT ISO for compliance during the specific period of January 1, 2009 to May 15, 2009 specifically for Citgo North Oak Park Unit #3 (aka CCEC ST1) events.

### **2.2.1 Confidentiality and Conflict of Interest**

Confidentiality agreements and code of conduct documentation for the Regional Entity staff were provided to ERCOT ISO prior to the Spot Check. Work history and conflict of interest forms submitted for each Spot Check team member were provided to ERCOT ISO. ERCOT ISO was given an opportunity to object to any Spot Check team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the Spot Check team member's impartial performance of duties. ERCOT ISO had not submitted any objections by the stated five (5) day objection due date and accepted the Spot Check team member participants with no objections. There have been no denials of or access limitations placed upon this Spot Check team by ERCOT ISO.

## **2.3 Methodology**

Once a Spot Check date was set by Texas RE, ERCOT ISO was sent a Reliability Standard Audit Work Sheets (RSAWs) for the list of NERC Standards identified in the Spot Check Scope.

The Spot Check team reviewed the completed RSAWs, information, data, and evidence submitted by ERCOT ISO and assessed compliance with requirements of the applicable reliability standards. Initial submittal of information and data were sent to Texas RE on or before the scheduled due date for the submittal. Additional information relevant to the Spot Check could be requested by Texas RE and submitted by ERCOT ISO until the last day of the Spot Check review.

During the Spot Check, Texas RE reviewed the responses to the RSAWs and auditor questions with ERCOT ISO's personnel. The Spot Check team reviewed documentation provided by ERCOT ISO that included data, information and evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. which were validated, substantiated and cross checked for accuracy as appropriate.

The Texas RE Spot Check team interviewed compliance personnel as necessary to clarify or stack the evidence provided by ERCOT ISO and verify documentation.

Findings were based on the Spot Check team’s knowledge of the BES, the NERC Reliability Standards and their professional judgment. All findings were developed based upon the consensus of the Spot Check team.

The Spot Check team conducted an exit briefing immediately following the Spot Check with ERCOT ISO. The Spot Check team verbally shared its preliminary results with ERCOT ISO’s personnel.

## 2.4 Company Profile

ERCOT manages the flow of electric power to 22 million Texas customers – representing 85 percent of the state’s electric load and 75 percent of the Texas land area. As the independent system operator for the region, ERCOT schedules power on an electric grid that connects 40,000 miles of transmission lines and more than 550 generation units. ERCOT also manages financial settlement for the competitive wholesale bulk-power market and administers customer switching for 6.5 million Texans in competitive choice areas.

ERCOT is a membership-based 501(c)(4) nonprofit corporations, governed by a board of directors and subject to oversight by the Public Utility Commission of Texas and the Texas Legislature. ERCOT’s members include consumers, cooperatives, independent generators, independent power marketers, retail electric providers, investor-owned electric utilities (transmission and distribution providers), and municipal-owned electric utilities.

At the time of the audit, ERCOT ISO, NERC ID # - NCR04056, was registered for the RC - Reliability Coordinator, BA - Balancing Authority, PA - Planning Authority, IA - Interchange Authority, RP - Resource Planner, TOP - Transmission Operator, and TSP - Transmission Service Provider functions that it performs in the ERCOT region.

## 2.5 Spot Check Specifics

Spot Check Date: September 10-15, 2010

Spot Check Location: Texas Reliability Entity Office, Austin, TX

### Texas RE Spot Check Team:

Company/Title	Spot Check Team Role
Texas RE/Sr, Regional Planning Assessment Engineer	Spot Check Team Leader
Texas RE/Manager, Reliability Services	Auditor
Texas RE/Compliance Engineer	Auditor

### ERCOT ISO’s Spot Check Participants:

Company	Title
ERCOT ISO	Director, Standards and Protocols Compliance

Company	Title
ERCOT ISO	Senior Operations Standards Compliance Engineer
ERCOT ISO	Senior Operations Standards Compliance Engineer
ERCOT ISO	Senior Operations Standards Compliance Engineer
ERCOT ISO	Manager, System Operations
ERCOT ISO	Manager, Real time Market Integration
ERCOT ISO	Supervisor, Operations Engineering

### 3.0 SPOT CHECK RESULTS

#### 3.1 Spot Check Findings

The Spot Check Team found that ERCOT ISO had no issues of noncompliance with the NERC Standards within the event description and scope of the Spot Check.

Reliability Standard & Requirement
PRC-001-1 R1
PRC-001-1 R2
PRC-001-1 R4

The following table is a summary of the auditor's findings for those NERC standards reviewed for the events identified during the Spot Check:

Reliability Standard	Requirement	Finding
PRC-001-1	R1.	No issues of non-compliance
PRC-001-1	R2.	No issues of non-compliance
PRC-001-1	R4.	No issues of non-compliance

#### 3.2 Conclusion

ERCOT ISO had no issues of non-compliance associated with the Reliability Standard requirements that were included in the event and scope of this Spot Check. This Spot Check is considered closed.

### **3.3 Compliance Culture**

ERCOT ISO's compliance culture was reviewed by the Spot Check team. ERCOT ISO was cooperative with the Spot Check team's needs and information requests throughout the entire Spot Check process. The organizational structure of ERCOT ISO, the extensive participation during the Spot Check by ERCOT ISO's personnel, and the direct observations made by the Spot Check team confirmed a strong commitment by ERCOT ISO to promote a healthy compliance culture within organization.